Govtt. II-27—58,064—2½-10-47.

Development Pt D.II (1948) Department.

for M

Ms SERIES.

G.O. NO. 4084 Dev

Dated 4-8-48

Passed

Supdy

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[Despatch Abstract.]

Industries—Textile Industry—Bellary District—The Karnataka Spinning and Weaving Mills Ltd.,—Allotment of Spindles and looms—Sanction for issue of Capital—Papers Recorded

Rao Bahadur
Yeshwanreddy Mahabaleswarappa
Land-Lord, Merchant & Commission Agent.
PRESIDENT - KARNATAKA CHAMBER OF COMMERCE.

TELEPHONE NO. 45.
TELEGRAMS: 'SRI'

Bellary.

RECEIVED TO GOVERNMENT
11 SEP 1945
SECRETARIAT

1st September 194

To
The Secretary,
The Developement Department,
The Government of Madras,
Fort St.George,
MADRAS.

Dev. MC 55263 P&W/45
11.9.45

Dear Sir,

pp 11-19 below 1 I beg to enclose herewith an application in the prescribed form to the Examiner of Capital Issues, Finance Department, New Delhi, through you, for sanction for the issue of capital of Rs.30 lakhs for a proposed Spinning and Weaving Mill at Bellary, namely the Karnataka Spinning and Weaving Mills Limited.

pp 21-24 below 2 I am also enclosing herewith an application in the prescribed form to the Chief Controller of Imports, New Delhi, through you, for registration of post war orders for capital goods.

3 I have already sent both the applications direct to the Examiner of Capital Issues and the Chief Controller of Imports, but I request the help of the Government of Madras in recommending immediate sanction of capital in the one case and highest grading of priority in the other case, and have therefore enclosed these two applications addressed to them through the Government of Madras in the hope that the Government of Madras will forward these applications with their recommendation. I humbly request that the Government of Madras will be pleased to do so adding their strong recommendation to both the applications.

4 It will be idle on my part, considering the energetic interest which the Developement department is taking in fostering new industries in the industrially backward and famine area of the Ceded Districts, to stress the need for a Spinning and Weaving Mill at Bellary. Raw material is available in abundance and there is a ready market for yarn in the District itself, about 24,000 looms working in the District getting its yarn from outside the Province.

GW 9452 Pg D III/Ind- 5 I am aware that another application for starting of a Spinning Mill at Adoni has already been recommended by the Government of Madras. But there is scope for more Mills in the Ceded Districts and the yarn market within the Districts is capable of consuming the whole output of both the Mills. In this connection, may I invite your attention to Paragraph 6 of the Report of the Madras Famine Code Revision Committee,1938, an extract of which is appended hereto as an annexure.

6 Bellary has claims based on tradition for being favourably considered for the location of another Cotton Mill. In 1894 Harvey of Madura Mills fame had established one Mill there with the latest machinery with about 17,800 looms, employing about 520 hands and producing 650 tons of yarn worth then Rs.4½ lakhs.

7 I have good response for Capital for the above venture. Already more than Rs.1 lakh of shares have been agreed to be subscribed and the site also has been selected. The site is about 60 acres in extent, and there is ample room space for tenements, schools, and dispensaries for labour. I am anxious to have a Model Mill at Bellary.

8 I expect that the capital offered to the public for subscription will be taken up largely by the middle class grower of cotton and it is the idea of the promoters not to allow monopoly to a few rich industrialists only.

9 Hoping that I will meet with the encouragement and help of the Government,

I beg to remain,

Your Most Obedient Servant

Y Mahabaleswarappa

Encls:-

1. Extract of paragraph 6 of the Report of the Madras Famine Code Revision Committee,1938.
2. Application to the Examiner of Capital Issues.
3. Application for registration of post war orders for Capital Goods.
4. Draft Memorandum of association of the proposed Company.
5. Draft Articles of Association of the proposed Company.
6. Draft Prospectus
7. Draft Managing agency agreement.

1216/28/9

Pl. issue
SD 28/9/45

Dept Deptt

Endt No. 5-5263 P XD III /45-1. dt. 28-9-45

Recd. 2.10.45 FN

Referred to the Collector of Bellary
P.T.C for
D.T.
necessary remarks.

Lp 25/9/45 Asst. I

1/10/45

2/10/45

The Collector of Bellary
P.T.C
D.T. and C

with copy of Hpt-27 of Hpt-20 & 11-10 etc

Copy Hpt-20-27 also.

ANNEXURE.

Extract from the Report of the Famine Code Revision Committ

1938.

" Paragraph 6. The main commercial crops now grown are Cotton, which covered 1 Million acres in 1936-37 and groundnut which covered over 12,00,000 acres in 1936-37.... We note however 155,000 tons of groundnut and 28,000 tons of raw cotton were exported by rail from the four districts in 1936-37. It seems clear therefore considering the abundance of raw material at hand that the manufacture of Textiles and of oils and oil products in the most hopeful line of developement. We are strongly of the opinion that 3 or 4 spinning Mills should be started in the Ceded Districts at Centres such as Bellary, Tadpatri, and Nandyal where cotton is available. This step would not only provide wholetime employment for 1440 men per Mill and directly help the handloom weaving Industry in the neighbourhood but would indirectly stimulate Industry and trade all over the surrounding country. There are over 14,000 handlooms in Bellary and Anantapur Districts alone depending upon Yarn imported from outside which would readily consume locally made yarn. The cotton now grown in the area will spin up to 20s which is now what is generally required by handloom weavers. For spinning finer counts up to 40s imported Karunganni or Cambodia would at first have to be used but we have every reason to hope that these varieties will eventually be produced locally under irrigation from the Tungabhadra project and that the Mills will find their entire supplies within the Ceded Districts themselves. The Capital required to establish a Mill with a productive capacity of 300,000 lbs is estimated at Rs.22 lakhs. It would be necessary for the Government to assist in raising the necessary capital through the State Aid to Industries Act. Now that there is a proposal to combine the generation of electric power with the Tungabhadra Project the Mills could profitably utilise the power generated and thus provide a load which might otherwise be difficult to secure."

( At page 5 of the Report)

Rao Bahadur
Yecharaddy Mahabaleswarappa,
Land-Lord, Merchant & Commission Agent.
PRESIDENT - KARNATAKA CHAMBER OF COMMERCE

TELEPHONE NO. 45.
TELEGRAMS: 'SRI'

Bellary.

* 1st Sept. 1945

Copy.

To
The Examiner of Capital Issues,
Finance Department,
Government of India,
NEW DELHI.

Sir,

I am enclosing herewith an application in the prescribed form for sanction of the Government of India under the Defence of India Rule No.94-A for the issue of capital of Rs.30 lakhs for a new Spinning and Weaving Mill proposed to be started at Bellary in the Madras Presidency.

The reasons in support of the application have been mentioned in the appropriate place, but I desire to stress the following points :

1. War having ended, the necessity for new Industrial enterprises calculated to absorb demobilised labour is urgent. This application therefore has to be viewed sympathetically from that view point, a viewpoint altogether different from that with which such applications as the present were considered formerly.

2. Bellary Town has contributed largely to the personnel of War. Dembbilised people will prefer employment in their home town and a Textile Mill affords facilities for absorption of both skilled and unskilled labour.

3. This Company is not a mush room Company. It has the backing of well known business men of the Ceded Districts behind it. Such men are either cotton growers or cotton dealers. Already more than 1 lakh worth of shares have been agreed to be taken up by the promoters and their friends.

4. Bellary town is the centre of a large belt of cotton growing area and is a great cotton clearing centre. Considering the abundance of raw material at hand, the manufacture of textiles is a most hopeful line of developement. ( In this connection please read the Report of the Famine Code Revision Committee, 1938, paragraph 6, which is extracted in the annexure appended herewith.)

$5 above

5. The Tungabhadra Project taken in hand by the Government of Madras assures the growth in this district in the near

future of cotton in abundance and of finer varieties.

6. Bellary is the centre of yarn trade for a flourishing handloom goods Industry in places around Bellary like Rayadrug, Uruvukonda, Kotturu, Tambrahalli, Kurugodu, and Kampli. 24,000 looms in Bellary District depending upon yarn imported from far off places like Bombay and Coimbattore will readily consume locally made yarn, and the entire putput of this Mill will be absorbed.

7. Bellary Town is the premier town in the Ceded Districts area of the Madras Presidency, which is the most industrially backward tract of the Presidency and harassed by periodical famines. The Government of Madras is keenly interested in the industrial advancement of this area and the Post War Reconstruction Committee of Madras has laid special emphasis on the need for starting cotton spinning and weaving Mills in Ceded Districts.

8. There are no cotton Mills at all in the Ceded Districts. The cotton spinning and weaving Mills nearest to Bellary are at Bavanagere and Bangalore in the South Gadag and Hubli in the West, Gulbarga and Hyderabad in the North, and Madras and Gudiyattam in the East. There are no spinning and weaving Mills within a radius of 200 miles from Bellary.

9. The Ceded Districts can easily support more than 2 spinning and weaving Mills. Hence the existence of an application for sanction of capital for a cotton spinnin Mill at Adoni need not count against this application. Bellary has superior facilities to Adoni in respect of power supply, abundance of raw material, water facilities, availability of skilled and unskilled labour. It is also favourably situate as regards transport of manufactured goods and raw materials in the country covered by the meter gauge which comprises practically tne whole of the Ceded Districts. It may be remembered that Coimbattore Town alone has more than 17 spinning and weaving Mills and Madras has more than a lakh and a half of spindles.

10. Tradition also is behind Bellary. Harvey of Madura Mills fame had started one Mill as early as 1894 and Lord Ripon himself when he visited Bellary as the Viceroy of India was arrested by the technical excellence of the Mill and its products. ( See India under Ripon, by Wilfrid S. Blunt) The Mill was fitted with machinery of the latest pattern and the number of spindles was 17,800 producing 650 tons of yarn worth Rs. 4½ lakhs per year. The Mills worked till the beginning of World War No. I when it fell into unimaginative hands who sold the machinery to the Bombay Mill owners for a paltry immediate profit.

11. It is expected that the capital offered to the public for subscription will be absorbed largely by the middle class grower of cotton and it is the idea of the promoters not to allow monopoly to a few rich industrialists only.

12. The site for the Mills has already been selected, with ample room space for tenements for the workers, dispensaries and schools for labour, recreation grounds and other amenities for labour.

I therefore pray that this application be favourably considered and sanction given as expeditiously as possible.

urs faithfully,

Y Manabaleswarappa

Encl:

1. Extract from the Report of the Famine Code Revision Commi
2. Application for sanction for issue of capital.

CONTROL OF CAPITAL ISSUES.

Application for consent to the issue of Capital of Rs.30 Lakhs to the KARNATAKA SPINNING AND WEAVING MILLS LIMITED.

From,

Sri Rao Bahadur Y.Mahabaleswarappa,
Merchant and landlord,
BELLARY.

To,

The Examiner of Capital Issues,
Finance Department,
Government of India,
NEW DELHI.
Through The Secretary,Developement Department,
Government of Madras, Madras.

Sir,

I beg to apply for sanction for issue of capital of Rs.30 Lakhs for the KARNATAKA SPINNING AND WEAVING MILLS, Limited,Bellary,a Company proposed to be started in the Madras Presidency,with its registered office and Mills at Bellary.

| | |
|---|---|
| 1. Name. | THE KARNATAKA SPINNING & WEAVING MILLS LIMITED. |
| 2. Incorporation, whether public of private. | The Company is to be registered in the Madras Presidency,and the Head office will be at Bellary.<br><br>It will be a public company limited by shares. |
| 3. Business.<br>(a)Proposed business with particular reference to the issue now proposed. | The proposed business of the Company is that of a Spinning and Weaving Mill in Cotton,and the manufacture of textile goods, primarily for consumption in India. |
| (b) The Place where it is to be carried on. | The Mills will be located in the Town of Bellary itself. |
| 4.Previous applications. | Nil. |

5. Directors -- Their names and business addresses. Their experience in businesses of similar character.

The proposed first directors of the Company are :

1. Sri Rao Bahadur Y.Mahabaleswarappa.
   Merchant and landlord,
   Bellary.

2. Dr.Nagan Gowda M.Sc., Ph.D.,
   President,Bellary District Board,Hospet,Bellary Dt.

3. Sri Javali Mahanthappa,
   Merchant and landlord,
   Director,The Karanatak Vegetable Oils and Refineries Limited,Hospet,
   Bellary Dt.

4. Sri H.Siddhamallanna Gowd,
   Landlord,Holalagundi,
   Bellary Dt.

5. Sri Jadde.Siddhalingappa,
   Merchant and Banker,
   Bellary Town.

Sri H.Doddanna Gowd,
Banker,
Bellary.

7. Sri H.Ramalinga Reddy,B.A.,LL.B.,
   Advocate,
   Bellary.

8. Sri M.M.J.Chennabasappiah,
   Merchant,Kotturu,
   Bellary Dt.

9. Sri J.Gadelingappa,
   Merchant,
   Bellary.

10. Sri P. Kesanna,
    Landlord,
    Kavikuntla,Bellary District.

11. Sri H.Rama Reddy.
    Landlord and Banker,
    Halaharvi,Alur Taluk,
    Bellary Dt.

Business Experience.

Sri Rao Bahadur Y.Mahabaleswarappa who is the chief promoter of this Company is the President of the Karnataka Chamber of Commerce, a large landlord and grower of cotton,a well.known cotton dealer,with influence and reputation in business circles of the Ceded Districts. He belongs to a very reputed family of businessmen, known alike for their integrity and business enterprise and knowlegge.

5. Directors --(contd)

Busniness Experience (Contd)

Dr.R.Nagan Gowda is the President of the Bellary District Board and is an influential and prominent person of the Ceded Districts. His technical studies in the United States of America for over 9 years will make available to the proposed Mills expert advice and help.

Javali Mahanthappa is a well-known Industrialist in vegetable Oils in Hospet and Gadag in the Bombay Presidency.

H.Ramalinga Reddy is an Advocate of Bellary and is a landlord and large grower of cotton.

Of the other Directors, H.Siddhamallanna Gowd,H.Doddanna Gowd,H.Rami Reddy,V.Kesanna,are all large growers of cotton and also reputed dealers in cotton. Jadde.Siddhalingappa and Gadilingappa are doing extensive business in textiles, and M.M.J.Chennabasappiah is a well-known and reputed businessman at Kotturu,a large handloom weaving centre in the Ceded Districts.

Managing agents:

It is proposed to appoint Sri Rao Bahadur Y.Mahabaleswarappa as the Managing agent of the new Company.

6. Cash Issue- AMOUNT. (Exact amount of the shares,debentures,or any other security which it is desired to issue at this stage for CASH, distinguishing between Ordinary, Preference,and Deferred shares, and giving the nominal value & issue price of each.)

It is proposed to issue 60,000 shares of the face value of Rs.50/- each at par,of which Rs.10/- will be payable on application,Rs.15/- on allotment,and the balance of Rs.25/- in two calls of Rs.12-8- each,with an interval of 30 days between Calls.

All the shares issued will be Ordinary only and it is not at present proposed to issue any preference shares or deferred shares.

| | |
|---|---|
| 7. Cash Issues - NATURE. | |
| (a) Will the above Cash Issues be Public or Private or if both to what extent of each. | The above Issue will be public only and not private. The Promoters and their friends have already agreed to subscribe 2021 shares of Rs.50/- each. |
| (b) If public, give proposed terms of issue,-- e.g., the names of Underwriters, amount of commission, and how payable, issue of Prospectuses, or circulars etc. | The Cash Issue will be public and it is proposed to issue a prospectus to the Public. The Company will take power in its Memorandum and Articles to pay brokerage on shares and also to pay underwriting commission, which will not exceed 3 per cent in the former case and 5 per cent in the latter. The Promoters expect that the entire issue will be subscribed without resort to Underwriters, but if necessary it is proposed to enter into Underwriting agreements with reputed underwriters. |
| (c) If private, to whom to be issued. | Does not arise. |

8. CASH EXPENDITURE :-

(a) OBJECTS : The exact manner in which the proceeds of the cash issues will be expended, showing the amounts to be allocated to various items.

It is proposed to erect a Spinning and Weaving Mills, with 20,000 spindles and 300 looms.

The proceeds of the cash issue will be allocated to various items approximately as follows:

| | |
|---|---|
| i. Lands and Buildings, (Factory, Office, and tenements) ..... | Rs.3,00,000. |
| ii. Machinery and Equipment ..... | Rs.20,00,000. |
| iii. Working Capital, including stocks of Raw Materials and finished goods..... | Rs.7,00,000. |
| Total | Rs.30,00,000. |

8. Cash Expenditure --Contd.

b. CONTROLS: If any of the items involve the purchase of goods subject to any control, give reasons for anticapating that the goods will be available.

The import of Plant and Machinery is controlled, as also Cement, Timber, Iron and Steel, and other construction materials.

Now that the War has ended, it is anticipated that construction materials will be available, as also Plant and Machinery. It is expected that the Govt of Madras will recommend high pricrity for the requirement of the controlled goods. It is learnt on enquiry from reputed firms at Madras that Plant and Machinery for textile Mills may become available from the U.K., or the U.S.A. in about 18 to 24 months from now.

c. TRANSPORT : When the objects include the establishment of Factories, workshops, and other buildings, during the War,

The Objects include the construction of Factories & Workshops, but, as the War has ended, not "during the War";

i. Quantities (Weight or Waggon loads) of constuction materials and/or Machinery and Plant estimated to require Rail Transport and from what sources.

i. Weight of Plant and Machinery (approx) to be moved from a port in India to Bellary — 1000 Tons.

Construction Materials :-

| | | |
|---|---|---|
| Cement | 400 | Tons. |
| Iron & Steel | 400 | Tons. |
| Timber | 350 | Tons. |

ii. Estimated Quantities, of Raw materials, including Coal, and of finished goods, to be moved by Rail in a given period and from and to what places :

ii. The Mills will find their entire supply of raw material within the Ceded Districts themselves, and therefore no raw material will need movement from beyond the said Districts. The finished goods are expected to be absorbed within the said Districts also and only a small fraction will need movement by Rail from Bellary to Districts in Madras, Bombay, Hyderabad, and other places in and outside India.

| | |
|---|---|
| 8. Cash Expenditure (Contd).<br><br>c. Transport (Contd).<br><br>iii. Increase or decrease if any in Rail Transport to result from the new enterprise,when compared with the present movements of the commodities to be produced and their raw materials. | It is expected that by reason of this Mill,the transport of the raw material Cotton from Ceded Districts to Bombay and other places will be minimised and the transport of cloth and textiles into the Districts also will be minimised. In 1936,the Famine Code Revision Committee,appointed by the Government of Madras,found that 29,000 tons of cotton were exported by rail from the four Ceded Districts. The proposed Mill at Bellary will,when it works,absorb 7,000 tons of this cotton. A large amount of yarn produced by this Mill will also be absorbed by the handloom weavers in and around Bellary thereby minimising transport of yarn from the distant Bombay and Ahemmedabad and Coimbattore Mills. Also any cloth produced by the Mills will be absorbed in the Districts and to that substantial extent doing away from transport of cloth from outside and distant places. |
| d. FOREIGN PURCHASES:<br><br>State separately the amount (approx.) of the materials or plant to be purchased out of the proceeds of issue which are to be obtained from sources elsewhere than India: and if the actual business of the Company will involve the purchase of imports,give particulars. | Out of the present issue of Capital of Rs.30 lakhs,Plant and machinery for a Cotton and Spinning and Weaving Mill of 20,000 spindles and 300 looms with humidification plant and complete electrical equipment with motors and switch boards,worth approximately about Rs.20 Lakhs will have to be imported from the United Kingdom or the United states of America after obtaining the necessary permits. |
| e.PURCHASE OF EXISTING CONCERNS:<br><br>If the assets of an existing concern are to be acquired otherwise than as dealt with under Head B below,give name of concern,particulars of purchase,of price of assets,and methods of valuation adopted. | Does not arise. |

9. Issues not for Cash : Give details as against Question 6 of any securities which are to be issued for a consideration other than cash, details of such consideration, and names of parties.

Does not arise. All the issue will be for cash only and for no other consideration than Cash.

10. Government Contracts :- If the Company has the assurance or anticipation of securing any contracts or sub-contracts for Government departments, a statement should be furnished giving full particulars including name of Department and ground for expectation.

Does not arise. No contracts or sub-contracts with Government departments are likely nor are any anticipated.

11. Other Particulars :- Any additional fact which you wish to adduce in support of your application.

b. In case of existing companies, state date of incorporation, amounts of capital already subscribed and already paid up ; and forward copy of the latest balance sheet.

c. In case of new companies, send draft Memorandum and Articles of Association and draft prospectus if prepared.

a. The proposed Spinning & Weaving Mill is to be located at Bellary, the premier town of the area known as Ceded Districts in the Madras Presidency. It is in the centre of a belt of cotton producing area and is a great clearing centre of cotton. It exports a large amount of cotton annually to other parts of India, and there is no need to import cotton the chief and the only raw material needed for the industry. The following further facts may be considered in support of this application:

1. The town of Bellary is very favourably situated as regards availability of Raw material, namely cotton, and labour, water facilities, transport facilities, and a ready market for yarn.

Bellary is the centre of a large cotton trade and also the centre of a flourishing handloom industry. It is a centre for cotton and yarn not only for the ceded Districts but for the adjacent Districts of the Bombay Presidency, and of His Exalted Highness the Nizam of Hyderabad's dominions, as well. Cotton is grown largely in the Bellary district and the adjoining districts of Kurnool, Cudappa, Anantapur, and Raichur. More than one-third of the total area under cotton cultivation in the Province of Madras is in these Districts and in 1936-37 29,000 tons of raw cotton were exported by rail from these four districts. A textile Mill which will absorb the cotton grown in the tract is thus a necessity.

11. Other Particulars ( Continued)

A flourishing yarn trade is a special feature of Bellary, yarn being supplied from Bellary to such handloom goods-producing centres as Rayadrug, Kampli, Kotturu, Tambrahalli, Kurugodu, and Uruvakonda. The number of looms in the Ceded Districts is 69,248, of which more than 24,000 is situate in and around Bellary.

It seems clear therefore considering the abundance of raw material at hand and the ready market for yarn the manufacture of textiles is a very hopeful line of developement. A textile Mill will not only provide whole time employment for about 1440 men, and directly help the handloom weaving industry in the neighbourhood but would indirectly stimulate Industry and trade all over the surrounding country. The handlooms which now depend upon yarn imported from outside will readily consume locally made yarn.

2. Secondly, Bellary is the premier town in the Ceded Districts area of the Madras Presidency. This area is the most industrially backward tract of the Madras Presidency and is periodically harassed by famine. Hence, the Government of Madras is keenly interested in the Industrial advancement of this area. The Post War Reconstruction Committee of the Madras Government has laid special emphasis on the need for starting cotton spinning and weaving Mills in the area going to the extent of recommending that if Capital should be shy, the Government of Madras should itself take up 10 % of the shares.

There are no textile Mills in the Ceded Districts area. The nearest cotton spinning and weaving Mills are at : Davanagere and Bangalore in the Mysore State ( South ) , Gulbarga and Hyderabad in the Nizam's dominons ( North ), Gadag and Hubli in t Bombay Presidency ( West), Gudiyattam and Madras ( East ). For a circle of 200 miles all around Bellary there are no textile Mills. A glance at the Map herewith enclosed will make this clear.

3. Equal in importance with Adoni as the clearing centre of cotton, Bellary has superior facilities in transport, water, and availability of good cotton. It is more centrally situate than Adoni for the location of a Textile Mill for Adoni is nearer to Gulbarga and Sholapur than Bellary. Further, Ceded Districts itself will easily have room for more than 2 textile Mills. When it is considered that Coimbattore Town alone has more than 17 Spinning and Weaving Mills, and Madras has more than 1,42,000 spindles Ceded Districts can easily accomodate two Mills one at Adoni and another at Bellary. The fact that an application has been made for sanction for capital for a textile Mill at Adoni therefore need not stand in the way of this application being considered favourably. Bellary and Adoni are nearly 50 miles apart, and they can cater to the North and South portions of the Ceded Districts respectively.

11. Other Particulars ( Contd)

4. Bellary is also situated favourably as regards Transport facilities. It is on the Masulipatam-Marmugao line of the Madras and Southern Mahratta Railway.

5. Bellary Town has contributed a fair proportion of manpower to war, both skilled personnel and combatants. When demobilisation occurs, the persons demobilised or whom the cessation of war has thrown out of employment will naturally prefer employment in their own home-town. It has been the declared policy of the Government of India to promote Industries which will absorb these people and among such Industries the Textile Industry takes a high rank.

6. The Government of Madras has taken on hand the Tungabhadra project and under the scheme of irrigation contemplated large tracts of land will be irrigated and abundant growth of cotton not merely of the inferior but of the superior long staple varieties like Cambodia and Karungadi is assured. A textile Mill which will encourage growth of cotton by absorbing the cotton produced will be beneficial to the ryots.

B

7. Under the above project, electric power supply is assured to industrial concerns. Even otherwise, a thermal station is expected to be opened at Hagari, and the Government of Madras will give the needed help in the matter of supply of cheap power.

8. Lastly, Bellary Town has ~~the claims of Tradition~~ has claims based on tradition also for being favourably considered for the location of another Mill. As far back as 1894, Harvey of Madura Mills fame had started one spinning Mill at Bellary with the latest machinery and it worked till the beginning of the first World War very satisfactorily, with about 17,800 spindles, employing about 520 hands, and producing 650 tons of yarn annually of value of more than 4½ lakhs of rupees. This Mill arrested the attention of Lord Ripon himself when as Viceroy of India he visited Bellary. At the beginning of the first world war the Mill had the misfortune to fall into the hands of men who had no business outlook and who sold the machinery caring only for an immediate profit to Mill owners of Bombay.

Kept below

c. The draft Memorandum of association, the draft Articles of Association and the draft Prospectus are enclosed.

I request therefore that for the above reasons sanction to the proposed issue of capital of Rs.30 lakhs be accorded and orders passed as early as possible.

Yours faithfully,

Y Manabaleswamappa

APPLICATION FOR REGISTRATION OF POST WAR ORDERS FOR CAPITAL GOODS.

To
The Chief Controller of Imports,
New Delhi

Through
The Secretary,
The Developement Department,
Government of Madras,
Fort St.George, Madras.

| | |
|---|---|
| 1.Particulars of applicant. | Sri Rao Bahadur Y.Mahabaleswarappa, Merchant and landlord, BELLARY ( S.INDIA)<br><br>ON BEHALF OF : THE KARNATAKA SPINNING AND WEAVING MILLS LTD ( PROPOSED TO BE FORMED),BELLARY,S.INDIA.<br><br>Names of Directors of the proposed Co:-<br><br>1.Sri Rao Bahadur Y.Mahabaleswarappa.<br>2. Dr.R.Nagan Gowda,Hospet,BellaryDt.<br>3.Sri Javali Mahanthappa,Hospet,Bellary<br>4.Sri H.Siddhamallana Gowda,Holalagundi,<br>5.Sri Jadde Siddhalingappa,Bellary.<br>6.Sri H.Doddanna Gowd,Bellary.<br>7.Sri H.Amalinga Reddy,Advocate,Bellary.<br>8.Sri M.H.J.Chennabasappiah,Bellary Dt<br>9.Sri J.Gadelingappa,Bellary.<br>10.Sri V.Kesanna,Kavikuntla,Bellary Dt.<br>11.Sri H.Rama Reddy,Halaharvi,Bellary Dt. |
| 2. Country from which Goods are to be supplied. | United Kingdom/ U.S.A./ Switzerland. |
| 3. Description of Goods with No. and Quantity. | One Complete Spinning Plant of 18 to 20 Thousand spindles,spinning 20s to 40s avarage 30s,but without the Baling press,yarn bundling presses, and electrical driving equipment, together with Complete Weaving equipment of 300 looms with the necessary preparatory and finishing machinery. |
| 4.Part and Serial No. in Schedule to Notification No.23 ITC/43 dated 1-7-43 ,or Serial No. in the Schedule to Machine Tools Control order,1941 | Part II, 5. |
| 5. Approximate F.O.B. value of Goods. | Rs. 20 lakhs. |
| Approximate C.I.F. value of Goods. | Rs. 22,50,000. |

| | |
|---|---|
| 6. Estimated gross weight with packing. | 1000 tons of 2240 lbs. |
| 7. Name and address of Manufacturer. | J.J.Reiter & Co., Switzerland, alternatively Tweedales and Smalley England for spinning machinery, and Henry Livesay, England. for weaving equipment. |
| 8. Name and address of supplier or merchant in the country mentioned against item 2 above on whom the order has been or will be placed. | Volkart Brothers, alternatively Indian Textile Engineers. |
| 9. Has order already been placed with supplier. | No. |
| 10. Half yearly period (Jan-June or July-December) during which shipment is desired. | July- December 1946. |
| 11. Financial year (i.e. year ending 31st March) during which payment is likely to be required. | Year ending 31st March 1947. |
| 12. Purpose for which goods are required. | |
| (c) New Industrial undertaking. | The goods are required for a new Industrial undertaking-- namely the starting of a spinning and weaving Mill at Bellary. |
| 13. Where are the goods to be installed or used. | The machinery is to be installed at Bellary in the Ceded Districts of the Madras Presidency. |
| 14. Do the goods covered by the application form a complete order or only an instalment: if the latter state (a) the extent of the instalment, (b) the extent of the full order, and (C) the date of any connected appln. for registration. | The goods form a complete order. |

| | |
|---|---|
| 15. In the case of goods falling under 12 (a) or (b) or (c), what products are to be manufactured with the machinery in question. | Cotton Yarn and cotton fabrics. |
| 16. In the case of goods falling under 12(b) or (c), is any issue of Capital involved ? If so, has the consent of Government been obtained ? and in the name of what company. | Issue of capital is involved and an application has been made to the Examiner of Capital Issues for sanction for issue of capital of Rs.30 lakhs in the name of the Karnataka Spinning and Weaving Mills Limited. |
| 17. Has any other Government authority been approached in connection with the goods covered by this application, e.g., for the commencement of the proposed Industry or location of the proposed factory ? If so, quote reference to the correspondence | The Government of Madras, Development Department, has been approached for recommendation for high priority for the import of the goods covered by this application, and also for the sanction of the necessary capital by the Examiner of Capital Issues. |
| 18. If the goods are to be purchased from a country outside the sterling area, state whether there are any special reasons for not purchasing within the sterling area. | We have suggested a Non-sterling source of supply in case the machinery will not be available, from United Kingdom within a reasonable delivery period. |
| 18a. If the goods are to be obtained from a non-sterling area do you wish to make an advance payment, if so, of what sum ? | No advance payment is at present intended to be made. |
| 19. Has Import Licence already been (a) applied for (if so, give Number and date of application), (b) granted (if so, give number of licence) | Import Licence not yet applied for. |
| 20. Is any special priority grading desired If so, give full reason in support thereof. | We desire the highest priority for the goods It is our intention to start the Mills as soon as the requisite machinery is available. |

The required capital will be forthcoming once the application for sanction for issue of capital is granted. The Ceded Districts belt of the Madras Presidency is the most industrially backward tract

24



Presidency and is periodically harassed by famines. The Post War Reconstruction Committee has laid special emphasis on the starting of textile Mills within the area as a measure calculated to relieve the burden of famines.

Further the Ceded Districts is a rich cotton growing belt, more than one-third of the total area under cultivation in the Madras Presidency being in Ceded Districts. The Tungabhadra Project taken on hand by the Government of Madras will increase the growth of cotton and of finer varieties also. In 1936-37 more than 29,000 tons of raw cotton were exported from the four districts by rail.

There is a ready market for the yarn spun by the Mills. 69,248 looms in the Ceded Districts will readily consume the locally made yarn.

The abundance of raw material and the existence of a ready market at any rate for the yarn spun by the Mills ~~assure~~ bear out the need for a Textile Mill at Bellary.

Bellary has contributed largely to war personnel. Persons demobilised will prefer employment in their own home town.

There are at present no textile Mills in the Ceded Districts or within 200 miles radius from Bellary,

There is urgent need therefore for the starting of a textile Mill as early as possible As there will be no difficulty in finding capital, as the promoters hope that if there should be any difficulty the Government of Madras in furtherance of their expressed policy to advance the area industrially as much as possible will come to their rescue, it is prayed that the highest priority be given to this application.

We hereby declare that the above statements are true and ~~accer~~ correct to the best of my knowledge and belief.

V. Manabakeswarappa

Rao Bahadur
Yecharaddy Mahabaleswarappa,
Land-Lord, Merchant & Commission Agent.
PRESIDENT - KARNATAKA CHAMBER OF COMMERCE

TELEPHONE NO. 45.
TELEGRAMS: 'SRI'

Bellary.

11th Sept. 1945

Dept 55924 Pt-DIII
14-9-45

To
The Secretary,
Developement Department,
Government of Madras,
Fort St.George,
MADRAS.

Sir,

pp 1-3 above Ref: Letter to you dated 1st Sept.1945 : Starting of Spinning and Weaving Mills at Bellary : The Karnataka Spinning & Weaving Mills Limited (under formation) : Recommendation of the Government of Madras for capital snaction and for import licence of machinery : request for.

pp 1-3 above
p 22 below Further to our letter to you of the above date,we are enclsoing herewith a copy of the application addressed to the Textile Commissioner,New Delhi,addressed through you,with the request that you will be kind enough to forward the same to him with the Government's strong recommendation for the highest priority.

Thanking you,

Yours faithfully,
Y Mahabaleswarappa

Rao. Bahadur
Yecharaddy Mahabaleswarappa,
Land-Lord, Merchant & Commission Agent.
PRESIDENT - KARNATAKA CHAMBER OF COMMERCE

TELEPHONE NO. 45.
TELEGRAMS: 'SRI'
Bellary.

11th Sept. 1945

To
The Textile Commissioner,
New Delhi.
Through the Secretary, Developement Department,
Government of Madras.

Sir,

I beg to enclose herewith an application to the Chief Controller of Imports addressed through you for registration of post war order for Capital goods, namely, one Complete Spinning Plant of 18 to 20, Thousand spindles together with a cpmplete weaving equipment of 300 looms with the necessary preparatory and finishing machinery proposed to be erected at Bellary.

I request that you be pleased to forward the same to the Chief Controller of Imports with your recommendation that the highest grade of priority be given to it. The Mills are to be located at Bellary in the Ceded Districts area of the Madras Presidency which is a deficit area so far as spinning and weaving Mills are concerned but a rich cotton producing area. The black cotton soil of the Ceded Districts is justly famous. Also there is a ready market for the yarn which may be produced by the Mills as there is a flourishing handloom industry in the districts of Bellary, Anantapur, and Kurnool.

I have adduced reasons in support in the appropriate place in the application but I desire to draw your attention to the paragraph 6 of the Report of the Famine Code Revision Enquiry Committee, 1938, (enclosed herewith as an annexure), which makes out a very strong case in my favour.

The application has been sent directly to the Chief Controller also and another copy of the application ~~has been~~ with its forwarded to the Chief Controller through the Government of Madras whom we have requested to so forward with their strong recommendation.

We have also sent a copy of the application to you to the Government of Madras with a request that they forward the same to you with their recommendation.

Yours faithfully,

Y Mahabaleswarappa

Same as p 5 above



ANNEXURE.

Extract from the Report of the Famine Code Revision Committee 1938.

" Paragraph 6. The main commercial crops now grown are Cotton, which covered 1 Million acres in 1936-37 and groundnut which covered over 12,00,000 acres in 1936-37. We note however 155,000 tons of groundnut and 29,000 tons of raw cotton were exported by rail from the four districts in 1936-37. It seems clear therefore consideering the abundance of raw material at hand that the manufacture of textiles and of oils and oil products in the most hopeful line of development. We are strongly of the opinion that 3 or 4 spinning Mills should be started in the Ceded Districts at Centres such as Bellary, Tadpatri, and Nandyal where cotton is available. This step would not only provide wholetime employment for 1440 men per Mill and directly help the handloom weaving Industry in the neighbourhood but would indirectly stimulate Industry and trade all over the surrounding country. There are over 14,000 handlooms in Bellary and Anantapur Districts alone depending upon Yarn imported from outside which would readily consume locally made yarn. The cotton now grown in the area will spin up to 20s which is now what is generally required by handloom weavers. For spinning finer counts up to 40s imported Karunganni or Cambodia would at first have to be used but we have every reason to hope that these varieties will eventually be produced locally under irrigation from the Tungabhadra project and that the Mills will find their entire supplies within the Ceded Districts themselves. The capital required to establish a Mill with a productive capacity of 300,000 lbs is estimated at Rs.22 lakhs. It would be necessary for the Government to assist in raising the necessary capital through the state Aid to Industries Act. Now that there is a proposal to combine the generation of electric power with the Tungabhadra project the Mills could profitably utilise the power generated and thus provide a load which might otherwise be difficult to secure".

(At page 5 of the Report)

1st september, 1945.

To

The CHIEF CONTROLLER OF IMPORTS,

New Delhi.

Through The Textile Commissioner,
New Delhi.

sir,

pp 33-36 Cover I beg to enclose herewith an application for registration of post war orders for capital goods namely one complete spinning plant of 18 to 20,000 spindles, together with a complete weaving equipment of 300 looms with the necessary preparatory and finishing machinery.

I request that my application be considered favourably and the highest grading of priority be given to it. The Mills are to be located in the Ceded Districts of the Madras Presidency, a deficit area, and a rich cotton producing area. There is a ready market for the yarn which may be produced by the Mills as there is a flourishing handloom industry in the Districts of Bellary, Anantapur and Kurnool.

I have adduced reasons in support in the appropriate place in the application but I desire to draw your attention to the extract (enclosed herewith as an p29 alone annexure) of Paragraph 6 of the Report of the Madras Famine Code Revision Committee, 1938, which makes out a very strong case in my favour.

yours faithfully,

Y Manabadanmappa

Pages 33 to 36 -

Application for
import of Capital
Gds. removed &
sent to the Chief
Controller of Imports

5/41

Rao Bahadur
Y. Mahabaleswarappa,
LAND-LORD, MERCHANT & COMMISSION AGENT.
PRESIDENT- KARNATAKA CHAMBER OF COMMERCE

TELEPHONE. NO 45
TELEGRAMS: 'SRI'
Bellary.

17th, Sept, 1945.

Dept 57016 A-DIII
18.9.45

Dear Sir,

This is just to request you to kindly forward my application to the Controller of Capitol Issues, New Delhi, with the recommendation of the Madras Government as kindly promised on 11-9-45 when the application was presented to you personally.

Thanking you, I remain,
With Regards,
Yours sincerely,

Y Mahabaleswarappa

To,
S.Y.Kristnaswamy Esq., I.C.S.,
Secretary- Developemnt Department,
Government of Madras,
Fort St. George,
Madras.

47-34

From
Sri Rao Sahib R.D.Paul, M.A.,
Collector, Bellary.

To
The Joint Secretary to Government, (Development Department)
Fort St. George, Madras.

L.Dis. 7872/45. dated 17-10-45.

Sir,

9479 P&DIV
20.10.45

Sub:--INDUSTRIES - Textile - Bellary - proposed Karnataka spinning and weaving mills ltd.
Ref:--Government Endt. No. 55263 P & D III/1-45-1 dated 28-9-45 received on 6-10-45.

p4 above

---

I strongly recommend favourable consideration of the application. The need for a spinning mill to utilise the locally grown cotton and a weaving mill to use up all the locally produced yarn is very great, and the proposed new mill will greatly help in the economic advancement of this backward district. The directorate is well chosen and consists of gentlemen well-known in this district who have a reputation for business integrity and acumen. The capital issue may be sanctioned.

Rajaiah D.Paul
18.10.45

nsn.Murthi/18-10-45.

Collector.

No.K-2167-ECI/45. 37948

Office of the Examiner of Capital Issues,
Finance Department.

New Delhi, the 28-11- 1945.

From

Sir Alan Lloyd CSI., CIE.,
Examiner of Capital Issues.

To

The Secretary to the Government of Madras,
Development Department,
Madras.

Sub:- Karnataka Spinning and Weaving Mills Limited.

Sir,

I am directed to enclose an application dated 1.9.45 from 'Karnataka Spinning and Weaving Mills Limited' for the consent of the Government of India under the D.I.R.94-A., to an issue of capital to the value of Rs.30,00,000/- and to request that the Madras Government may kindly examine the application and say if they have any objection to consent being given.

The papers may kindly be returned along with the Madras Government's recommendations at an early date.

I have the honour to be,
Sir,
Your most obedient servant,

Examiner of Capital Issues.

S.Syal.27.11.45.

Development Department.

Letter No. 55263 P & D III/45-2 dated 20.12.45

To

The Examiner of Capital Issues,
Finance Department, NEW DELHI.

Sir,

Capital Issue — Karnataka Spinning & Weaving Mills, Ltd.
Your letter No. R. 2167 EC 9/45/3778 d. 28/11/45

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In continuation of my letter No. P & D III/45- dated 1945, I am directed to invite a reference to the letter from this Government No. 46321 P & D III/45-3 dated 12-12-'45 to the Government of India, Department of Industries and Civil Supplies (copy sent to you simultaneously) containing the recommendations of this Government about the textile industry in this Province. It has been suggested in that letter that this applicant should be allowed 20,000 spindles and 300 looms. The Government of Madras recommend the issue of capital in this case subject to there being 30 lakhs shares of the value of Rs.10/- each for issue to the growers of cotton. The applicant is being asked to revise his application suitably and it will be forwarded on receipt.

Copy to the Director of Industries & Commerce.
Copy to the Provincial Textile Commissioner

29.12.45.

45

Development Department.

Letter No. 55263 D&D. III. 45- 3 d 20.12.45.

To

The Chief Controller of Imports,
Department of Commerce,
NEW DELHI.

Sir,

Textile Industry - Registration for import of capital goods.

Application ~~dated~~ from Sri N. ~~From~~ Y. Kahabaleswarappa on behalf of the Karnataka Spinning & Weaving Mills Ltd (with effect).

I am directed to invite a reference to the letter from this Government No. 46321 P & D III/45- 8 dated 12-12-'45, to the Government of India, Department of Industries and Civil Supplies (copy sent to you simultaneously) containing the recommendations of this Government about the textile industry in this Province. It has been suggested in that letter that the applicant should be allowed 20,000 x spindles and 300 looms. The Government of Madras recommend that the application may be registered for this number and for the other appropriate machinery. ~~The request in the~~ application put in to is for spindles and looms. The applicant is being asked to revise his application suitably and it will be forwarded on receipt.

Copy to the Director of Industries and Commerce.

Copy to the Provincial Textile Commissioner.

Development Department.

Letter No. ~~57801~~ 55263 P&D III/45-4 dated 20th Dec. 45

To Rao Br. Sri Y. Mahalaleswarappa,
5, Venkatanarayana Road, Triplicane, Madras

Sir,

Textile Industry — Bellary District —
The Karnataka Spinning & Weaving Mills.

I am directed to state that the Government of Madras have recommended to the Government of India that you should be allotted 20,000 spindles and 300 looms for your mill.

2. The Madras Government desire that the growers of cotton should be closely associated with the cotton textile industry and that for this purpose, there should be a reasonable percentage of shares, sufficiently low in value for them to subscribe to without effort. The area cultivated with cotton in the district was 534/46 acres in 1943-44 and it has been suggested that some 30 thousand shares of a value of Rs.10/- each out of the capital to be issued now for the proposed mill can be set aside for subscription by the growers.

3. I am accordingly directed to request that the application for capital issue ~~and/or for registration for the import of capital goods~~ may be revised suitably so as to embody the decisions contained in paragraphs ~~1 &~~ 2 above and sent through the Madras Government not later than 15-1-1946. Steps may be taken to amend the memorandum and articles of association also, if necessary.

16 inits

Y. O. S.

19.12.45

Copy to the DRC

" DRC

Collr. Bellary.

4.1.46

Ac. 3317 P&D 111/45-4 12-1-46

From

Rao Bahadur Y.Mahabaleswarappa,
Merchant & Landlord,
President, Karnataka Chamber of Commerce,
Bellary.

To

The JOINT SECRETARY TO GOVERNMENT,
(Development)
Fort St.George,
M a d r a s.

Sir,

Ref: your letter No.55263 P & D.111/45-4, d/20-12-45
Sub: Textile Industry - Bellary District -
The Karnataka Spinning & Weaving Mills.

---

I beg to acknowledge receipt of your above letter rather late owing to it being wrongly addressed.

2 As desired by the Government, I am enclosing a revised application for Capital issue to be forwarded through you to the Examiner of Capital Issues. The revised application embodies the suggestions contained in paragraph 2 of your above letter.

3. As the Company has not yet been registered, the question of amendment of the Memorandum and Articles does not arise, but the Company will be registered with the Memorandum and Articles containing the above provisions as to Capital.

4 Thanking you,

10th January, 1946.

yours faithfully,
Y Mahabaleswarappa
" 10.1.46.

2 A copy of the Revised Application has been sent to the Examiner of Capital Issues, New Delhi, directly

Y Mahabaleswarappa
" 10.1.46.

From

Rao Bahadur Y.Mahabaleswarappa,
Merchant & Landlord,
President, Karnataka Chamber of Commerce,
Bellary.

To

The EXAMINER OF CAPITAL ISSUES,
Finance Department,
New Delhi.

Through

The JOINT SECRETARY TO GOVERNMENT,
(Development Department)
Madras.

Sir,

Sub: The Karnataka Spinning & Weaving Mills -
Application of Sri Rao Bahadur Y.Mahabaleswarap

---

In continuation of my application dated 1st September 1945 for capital sanction for Rs.30 lakhs, for the Karnatak Spinning and Weaving Mills, I beg to enclose herewith a revised application for sanction. The application has been revised in paragraph 6 only in order to carry out the suggestions of the Madras Government to have a class of shares valued sufficiently low to enable small Cotton Growers of the District to subscribe to the capital of the Company. I am enclosing the copy of the communication from the Government of Madras dated 20-12-45 in which they desire that capital should be issued in 2 classes of shares.

Requesting that the application may be expedited,

Bellary.
10th January, 1946.

Yours faithfully,
Y.Mahabaleswarappa

Encl: Application in prescribed form.

Copy of the letter dated 20-12-45 of the Government of Madras.

## CONTROL OF CAPITAL ISSUES.

### Application for consent to the issue of Capital of Rs.30 Lakhs to the KARNATAKA SPINNING AND WEAVING MILLS LIMITED.

From

Sri Rao Bahadur Y.Mahabaleswarappa,
Merchant and landlord,
BELLARY.

To

The Examiner of Capital Issues,
Finance Department,
Government of India,
NEW DELHI.

Sir,

I beg to apply for sanction for issue of capital of Rs.30 Lakhs for the KARNATAKA SPINNING AND WEAVING MILLS, Limited, Bellary, a Company proposed to be started in the Madras Presidency, with its registered office and Mills at Bellary

| | |
|---|---|
| 1. Name. | THE KARNATAKA SPINNING & WEAVING MILLS LIMITED. |
| 2. Incorporation, whether public of private. | The Company is to be registered in the Madras Presidency, and the Head office will be at Bellary.<br><br>It will be a public company limited by shares. |
| 3. Business. (a)Proposed business with particular reference to the issue now proposed. | The proposed business of the Company is that of a Spinning and Weaving Mill in Cotton, and the manufacture of textile goods, primarily for consumption in India. |
| (b) The Place where it is to be carried on. | The Mills will be located in the Town of Bellary itself. |
| 4. Previous applications. | Nil. |

5. Directors -- Their names and business addresses. Their experience in businesses of similar character.

The proposed first director of the Company are:

1. Sri Rao Bahadur Y.Mahabaleswarappa.
   Merchant and landlord,
   Bellary.

2. Dr.Nagan Gowda M.Sc,, Ph.D.,
   President, Bellary District
   Board, Hospet, Bellary Dt.

3. Sri Javali Mahanthappa,
   Merchant and landlord,
   Director, The Karnatak
   Vegetable Oils and Refineries Limited, Hospet,
   Bellary Dt.

4. Sri H.Siddhamallanna Gowd,
   Landlord, Holalagundi,
   Bellary Dt.

5. Sri Jadde.Siddhalingappa,
   Merchant and Banker,
   Bellary Town.

6. Sri H.Doddanna Gowd,
   Banker,
   Bellary.

7. Sri H.Ramalinga Reddy,B.A.,LL.B.,
   Advocate,
   Bellary.

8. Sri M.M.J.Chennabasappiah,
   Merchant,Kotturu,
   Bellary Dt.

9. Sri J.Gadelingappa,
   Merchant,
   Bellary.

10. Sri V.Kesanna,
    Landlord,
    Kavikuntla, Bellary District.

11. Sri H.Rama Reddy.
    Landlord and Banker,
    Balaharvi, Alur Taluk,
    Bellary Dt.

Business Experience.

Sri Rao Bahadur Y.Mahabaleswarappa who is the chief promoter of this Company is the President of the Karnataka Chamber of Commerce, a large landlord and grower of cotton, a well.known cotton dealer, with influence and reputation in business circles of the Ceded Districts.He belongs to a very reputed family of businessmen, known alike for their integrity and business enterprise and knowledge.

5. Directors --(Contd)

Business Experience (Contd)

Dr.R-Nagan Gowda is the President of the Bellary District Board and is an influential and prominent person of the Ceded Districts. His technical studies in the United States of America for over 9 years will make available to the proposed Mills expert advice and help.

Javali Mahanthappa is a well-known Industrialist in vegetable Oils in Hospet and Gadag in the Bombay Presidency.

H.Ramalinga Reddy is an Advocate of Bellary and is a landlord and large grower of cotton.

Of the other Directors, H.Siddhamallanna Gowd, H.Doddanna Gowd, H.Rami Reddy, V.Kesanna, are all large growers of cotton and also reputed dealers in cotton. Jadde.Siddhalingappa and Gadilingappa are doing extensive business in textiles, and H.M.J-Chennabasappiah is a well-known and reputed businessman at Kotturu, a large handloom weaving centre in the Ceded Districts.

Managing agents:

It is proposed to appoint Srī Rao Bahadur Y.Mahabaleswarappa as the Managing agent of the new Company.

6. Cash Issue- AMOUNT. (Exact amount of the shares, debentures, or any other security which it is desired to issue at this stage for CASH, distinguishing between Ordinary, Preference, and Deferred shares, and giving the nominal value & issue price of each.)

It is proposed to issue two classes of shares:

(a) 54,000 Shares of the face value of Rs.50/- each, of which Rs.10/- will be payable on application, Rs.15/- on allotment and the balance of Rs.25/- in 2 calls of Rs.12-8-0 each with an interval of 30 days between calls:

(b) 30,000 shares of the face value of Rs.10/- each, of which Rs.2-8-0 will be payable on application, - Rs.2-8-0 on allotment and the balance of Rs.5/- in 2 calls of Rs.2-8-0 each with an interval of 30 days between calls. The second class of shares of Rs.10/- each will be set apart for subscription by the cotton growers only. The value of this class of shares has been on the suggestion of the Government of Madras, fixed at the low figure of Rs.10/- in order to enable the cotton growers of the

District to subscribes without effort, to the Capital of the Company.

All the shares issued will be Ordinary only and it is not at present proposed to issue any preference shares or deferred shares.

7. Cash issues - NATURE

(a) Will the above cash issues be Public or Private or if both to what extent of each.

The above issue will be public only and not private.
The Promoters and their friends have already agreed to subscribe 2021 shares of Rs.50/- each.

(b) If public, give proposed terms of issue,-- e.g., the name of Underwriters amount of commission and how payable, issue of Prospectuses, or circulars etc.

The cash issue will be public and it is proposed to issue a prospectus to the Public. The Company will take power in its Memorandum and Articles to pay brokerage on shares and also to pay underwriting commission, which will not exceed 3 per cent in the former case and 5 per cent in the latter. The Promoters expect that the entire issue will be subscribed without resort to Underwriters, but if necessary it is proposed to enter into Underwriting agreements with reputed underwriters.

(c) If private, to whom to be issued.

Does not arise.

8. CASH EXPENDITURE:-

(a) OBJECTS: The exact manner in which the proceeds of the cash issues will be expended, showing the amounts to be allocated to various items.

It is proposed to erect a Spinning and Weaving Mill, with 20,000 spindles and 300 looms.

The proceeds of the cash issue will be allocated to various items approximately as follows:-

| | | |
|---|---|---|
| i. | Land & Buildings, (Factory, Office and tenements) | Rs.3,00,000. |
| ii. | Machinery and Equipment | Rs.20,00,000. |
| iii. | Working Capital. including stock of Raw Materials and finished goods | Rs.7,00,000. |
| | Total | Rs.30,00,000. |

8. CASH EXPENDITURE -- Contd:

(b) CONTROLS: If any of the items involve the purchase of goods subject to any control, give reason for anticipating that the goods will be available.

The import of Plant and Machinery is controlled, as also Cement, Timber, Iron and Steel, and other construction materials.

Now that the War has ended, it is anticipated that construction materials will be available as also Plant and Machinery. It is expected that the Govt of Madras will recommend high priority for the requirement of the controlled goods. It is learnt on enquiry from reputed firms at Madras that Plant and Machinery for textile Mills may become available from the U.K. or the U.S.A. in about 18 to 24 months from now.

C. TRANSPORT: When the objects include the establishment of Factories, workships, and other buildings, during the War.

The Objects include the construction of Factories and Workshops, but as the War has ended, not "during the War".

i. Quantities (Weight of Waggon loads) of construction materials and/or Machinery and Plant estimated to require M Rail Transport and from what sources.

i. Weight of Plant and Machinery (approx) to be moved from a Port in India to Bellary. ) Tons.

ii. Estimated quantities of Raw materials, including Coal and of finished goods to be moved by Rail in a given period and from and to what places.

Construction Materials --

| | |
|---|---|
| Cement | Tons |
| Irons & Steel | Tons |
| Timber. | Tons |

ii. The Mills will find their entire supply of raw materials within Ceded Districts themselves and therefore no raw material will need movement from beyond the said Districts. The finished goods are expected to be absorbed within the said Districts also & only a small fraction will need movement by Rail from M Bellary to Districts in Madras, Bombay, Hyderabad and other places in and outside India.

It is expected that by reason of this Mill, the transport of the raw material Cotton from Ceded Districts to Bombay and other places

| | |
|---|---|
| 8. Cash Expenditure (Contd). | |
| C. Transport (Contd). | |
| iii. Increase or decrease if any in Rail Transport to result from the new enterprise, when compared with the present movements of the commodities to be produced and their raw materials. | will be minimised and the transport of cloth and textiles into the Districts also will be minimised. In 1936 the Famine Code Revision Committee appointed by the Government of Madras, found that 29,000 tons of cotton were exported by rail from the four Ceded Districts. The proposed Mill at Bellary will, when it works absorb 7,000 tons of this cotton. A large amount of yarn produced by this mill will also be absorbed by the handloom weavers in and around Bellary thereby minimising transport of yarn from the District Bombay and Ahemmedabad and Coimbatore Mills. Also any cloth produced by the Mills will be absorbed in the Districts and to that substantial extent doing away from transport of cloth from outside and distance places. |
| d. FOREIGN PURCHASES: State apparately the amount (Approx) of the materials or plant to be purchased out of the proceeds of issue which are to be obtained from sources elsewhere than India; and if the actual business of the Company will involve the purchase of imports, give particulars. | Out of the present issue of Capital of Rs.30,00,000/-, Plant and machinery for a Cotton Spinning and Weaving Mill of 20,000 spindles and 300 looms with humidification plant and complete electrical equipment with motors and switch boards, worth approximately about 20 Lakhs will have to be imported from the United Kingdom or the United States of America after obtaining the necessary permits. |
| e. PURCHASE OF EXISTING CONCERNS: If the assets of an existing concern are to be acquired otherwise than as dealt with under Head B below, give name of concern, particulars of purchase of price of assets and methods of valuation adopted. | Does not arise. |

| | |
|---|---|
| 9. Issues not for cash: Give details as against Question 6 of any securities which are to be issued for a consideration other than cash, details of such consideration, and names of parties | Does not arise. All the issue will be for cash only and for no other consideration than Cash |
| 10. Government Contracts:- If the Company has the assurance or anticipation of securing any contracts or sub-contracts for Government departments a statement should be furnished giving full particulars including name of Department and ground for expectation. | Does not arise. No contracts or sub-contracts w with Government departments arelikely nor any anticipated. |
| 11. Other Particulars:- Any additional fact which you wish to adduce in support of your application.<br><br>b. In case of existing companies, state date of incorporation, amounts of capital already subscribed and already paid up; and forward copy of the latest balance sheet.<br><br>c. In case of new companies, send draft Memorandum and Articles of association and draft prospectus if prepared. | a. The proposed spinning and Weaving Mill is to be located at Bellary the premier town of the area known as Ceded Districts in the Madras Presidency. It is in th e centre of a belt of cotto producing area and is a great clearing centre of cotton. It exports a large amount of cotton annually to other parts of India, and there is no need to import cotton the chief and the only raw material needed for the industry. The following further facts may be considered in support of this application.<br><br>1. The town of Bellary is very favourably situated as regards availabilityof Raw material, namely. cotton, and labour, water facilities, transport facilities, and a ready market for yarn. |

Bellary is the centre of a large cotton trade and also the centre of a flourishing handloom industry. It is a centre for cotton and yarn not only for the ceded Districts but for the adjacent Districts of the Bombay Presidency and of His Exalted Highness the Nizam of Hyderabad's dominions, as well. Cotton is grown largely in the Bellary district and the adjoining districts of Kurnool, Cudappa, Anantapur, and Raichur More than one-third of the total area under cotton cultivation in the Province of Madras is in these Districts and in 1936-37 29,000 tons of raw cotton were exported by rail from these four districts. A textile Mill which will absorb the cotton grown in the tract is thus a necessity.

11. Other Particulars (Continued)

A flourishing yarn trade is a special feature of Bellary, yarn being supplied from Bellary to such handloom goods-producing centres as Rayadrug, Kampli, Notturu, Tambrahalli, Kurugodu, and Uruvakonda. The number of looms in the Ceded Districts is 69,248, of which more than 24,000 is situate in and around Bellary.

It seems clear therefore considering the abundance of raw material at hand and the ready market for yarn the manufacture of textiles is a very hopeful line of developement. A textile Mill will not only provide whole time employment for about 1440 men, and directly help the handloom weaving industry in the neighbourhood but would indirectly stimulate Industry and trade all over the surrounding country. The handlooms which now depend upon yarn imported from outside will readily consume locally made yarn.

2. Secondly, Bellary is the premier town in the Ceded Districts area of the Madras Presidency. This area is the most industrially backward tract of the Madras Presidency and is periodically harassed by famine. Hence, the Government of Madras is keenly interested in the Industrial advancement of this area. The Post War Reconstruction Committee of the Madras Government has laid special emphasis on the need for starting cotton spinning and weaving Mills in the area going to the extent of recommending that id Capital should be shy, the Government of Madras should itself take up 10 % of the shares.

There is no textile Mills in the Ceded Districts area. The nearest cotton spinning and weaving Mills are at: Davanagere and Bangalore in the Mysore state ( South ), Gulbarga and Hyderabad in the Nizam's dominions (North) Gudag and Hubli in the Bombay Presidency ( West ), Gudiyattam and Madras ( East ) For a circle of 200 miles all around Bellary there are no textile Mills. A glance at the Map herewith enclosed will make this clear.

3. Equal in importance with adoni as the clearing centre of cotton, Bellary has superior facilities in transport, water, and availability of good cotton. It is more centrally situate than Adoni for the location of a Textile Mill for Adoni is nearer to Gulbarga and Shelapur than Bellary. Further, Ceded Districts itself will easily have room for more than 2 textile Mills. When it is considered that Coimbattore Town alone has more than 17 Spinning and weaving Mills, and Madras has more than 1,42,000 spindles Ceded Districts can easily accomodate two Mills one at Adoni and another at Bellary. The fact that an application has been made for sanction for capital for a textile Mill at Adoni therefore need not stand in the way of this application being considered favourably. Bellary and Adoni are nearly 50 miles apart, and they can cater to the North and South portions of the Ceded Districts respectively.

11. Other Particulars (Contd) 4. Bellary is also situated favourably as regards Transport facilities. It is on the Masulipatam-Marmugao line of the Madras and Southern Mahratta Railway.

5. Bellary Town has contributed a fair proportion of manpower to war, both skilled personal and combatants. When demobilisation occurs, the persons demobilised or whom the cessation of war has thrown out of employment will naturally prefer employment in their own home-town. It has been the declared policy of the Government of India to promote Industries which will absorb these people and among such Industries the Textile Industry takes a high rank.

6. The Government of Madras has taken on hand the Tungabhadra project and under the scheme of irrigation contemplated large tracts of land will be irrigated and abundant growth of cotton not merely of the inferior but of the superior long staple varieties like Cambodia and Karungadi is assured. A textile Mill which will encourage growth of cotton by absorbing the cotton produced will be beneficial to the ryots.

7. Under the above project, electric power supply is assured to industrial concerns. Even otherwise, a thermal station is expected to be opened at Hagari, and the Government of Madras will give the needed help in the matter of supply of cheap power.

8. Lastly, Bellary Town has claims based on tradition also for being favourably considered for the location of another Mill. As far back as 1894, Harvey of Madura Mills fame had started one spinning Mill at Bellary with the latest machinery and it worked till the beginning of the first World War very satisfactorily, with about 17,800 spindles, employing about 520 hands, and producing 650 tons of yarn annually of value of more than 4½ lakhs of rupees. This Mill arrested the attention of Lord Ripon himself when as Viceroy of India he visited Bellary. At the beginning of the first world war the Mill had the misfortune to fall into the hands of men who had no business outlook and who sold the machinery caring only for an immediate profit to Mill owners of Bombay.

C. The draft Memorandum of Association, the draft Articles of Association and the draft Prospectus are enclosed.

I request therefore that for the above reasons sanction to the proposed issue of capital of Rs.30. lakhs be accorded and orders passed as early as possible.

Yours faithfully,

V Mahabaleswarappa

Same on page 47 above

GOVERNMENT OF MADRAS.

Development Department.

Letter No.55263 P & D. 111/45 - 4.

From
S.Y. Krishnaswami Esq., I.C.S.,
Joint Secretary to Government,

To Rao Bahadur Sri Y. Mahabaleswarappa,
5, Venkatanarayana Road,
Thyagarayanagar,
MADRAS.
BELLARY.

Dated, Fort St. George, the 20th December 1945.

Sir,

Textile Industry - Bellary District - The Karnataka Spinning & Weaving Mills.

I am directed to state that the Government of Madras have recommended to the Government of India that you -- should be allotted 20,000 spindles and 300 looms for your mill.

2. The Madras Government desire that the growers of cotton should be closely associated with the cotton textile industry and that for this purpose, there should be a reasonable percentage of shares, sufficiently low in value for them to subscribe to without effort. The area cultivated with cotton in the district was 534,186 acres ub 1943-44 and it has been suggested that some 30 thousand shares of a value of Rs.10/- each out of the capital to be issued now for the proposed mill can be set aside for subscription by the growers

3. I am accordingly directed to request that the application for capital issue may be revised suitably so as to embody the decisions contained in paragraph 2 above and sent through the Madras Government not later than 15th January 1946. Steps may be taken to amend the memorandum and articles of association also, if necessary.

Your obedient servant,

Sd.

For Joint Secretary to Government.

(True copy)
Y. Mahabaleswarappa

65

CEDED DISTRICTS ECONOMIC DEVELOPMENT BOARD.

SUBJECT:

INDUSTRIES-Large scale - Spinning and weaving mill 6559
Bellary - Starting of - Application from Sri Rao Bahadur Y. Mahableswarappa and others.

---

Station: Chepauk Madras. Reference No. 144/46-1.
Dated 23rd January '46.

From

Sri B. Joogappa, M.A.,
Secretary, Ceded Districts
Economic Development Board;
Chepauk, Madras.

55263

To

S. RANGANATHAN ESQUIRE, O.B.E. I.C.S.,
Commissioner of Land Revenue and Irrigation,
Chairman.

---

The Board submits to the Government a copy of letter received from Sri Rao Bahadur Y. Mahableswarappa,
P.T.O.

60

Bellary and requests to be informed whether the orders of the Government of India have been received.

for SECRETARY.

24.1.46

To The Joint Secretary to Government,
Development Department, Madras.

K.S. 23/1.
Encl-1.

61

Copy of letter received from Sri Rao Bahadur Y.Mahableswarappa Bellary, dated 14th January 1946.

---

LARGE SCALE INDUSTRIES-Textile Mill at Bellary-Starting of-Progress made on the attempt-Reported.

---

I am glad to inform that the Madras Government was pleased to recommend to the Central Government for the allotment of 20,000 spindles and 300 looms for the Textile Mill, namely the Karnataka Spinning and Weaving Mills Ltd., to be started at Bellary by me. It is hoped that the sanction of the Capital of Rs.30 lakhs applied for will be accorded by the Examiner of Capital Issues, within a short time.

It has been suggested by the Madras Government to set apart from the capital 30 thousand shares of Rs.10/- Face value for the cotton growers of this district. The value of the shares is fixed at the low figure of Rs.10/- in order to enable the cotton grower to subscribe for the shares without effort. A revised application for Capital Issue has been submitted through Madras Government to the Examiner of Capital Issues, New Delhi.

P.T.O.

PK 11-19 above — Complete application in the prescribed form has been submitted by me as the promotor of this industry along with the draft Memorandum and Articles of Association, Draft Prospectus Etc., and similar-applications have been sent along ago to (1) Chief Controller of Imports, New Delhi and (2) The Textile Commissioner, New Delhi.

(1)

The Madras Government will be approached for the purchase of decent percentage of shares of the Capital and for the free grant of site for the erection of Mills with tenements etc.

Favourable orders are expected at an early date

---

(true copy).

24.1.46

S E C R E T A R Y.

K.S. 23/1

2u-1

Lr. No. 552630 48. III - 45 - 5d 1-2-46. Dev. Dept. 61

To,

Sri Rao Bahadur Y. Mahalaleswarappa,

5, Venkatanarayana Road,

Theogarayanagar, Madras. (With Endo)

Sir,

Sub:- Textile Industry - The Karnataka Spinning and weaving mills Ltd., Bellary.

Ref:- your letter d. 10-1-46

I am directed to return the memorandum and articles of association sent with the original application for capital issue and to request that they may be returned after carrying out the alterations referred to in para 3 of your letter quoted above.

2. In the draft prospectus it has been proposed to give to the managing agents of the Company an allowance of Rs 1500 p.m. and 11% of the net profits earned in every

10/

year. It has been suggested that it will be sufficient if only 10% of the net profits are given after a minimum dividend is provided for by you before hand, is declared. I am to request that necessary alterations may be made to the draft prospectus document returned herewith.

Y.O.S.

30/11/46

R.D. 25/11/46

Returned undelivered to Post Office.

77

V.F. 14/2

Cl is sent on 14.2.46

(By Regd Post)

Lr. no. 55263 849/III-45-6 dt 4-2-46. Dev. dept.

To,

Sri. Rao Bahadur, Y. Mahabaleswarappa,
President, Karnataka Chamber of Commerce
Bellary (with enclo).

Sir,

Sub:— Textile Industry — The Karnataka Spinning and weaving Mills Ltd., Bellary.

Ref:— your letter dt 10.1.46

I am directed to return the prospectus and memorandum and articles of association sent with the original application for capital issue and to request that they may be returned after carrying out the alteration referred to in para 3 of your letter quoted above.

2. The Govt. observe that the remuneration allowed to the managing agents is to consist among others of a bonus of 11% of the net profits of the company. It has been suggested that, due regard being had to the nature of the industry and the capital proposed to be issued, the bonus may be 10% of the net profits, as defined in Section 87.c.(3) of the Indian Companies Act and should be payable only when the dividend does not fall below a percentage, which you may consider reasonable.

3. I am directed to enquire whether the above revised terms are

acceptable and if so, to make the
requisite alterations in the documents
returned herewith.

R. D. 5.3.46.

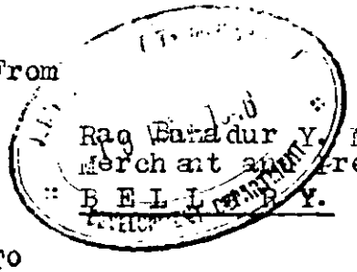
Y. O. S.

Copy to the D.T.C.

D.I.C.

14/2/46

Dept. 22
153.46
73



From

Rao Bahadur Y. Mahabaleswarappa
Merchant and President, Karnataka Chamber of Commerce
B E L L A R Y.

To

S.Y.Krishnaswamy Esq., I.C.S.,
Additional Secretary to the Government of Madras,
Development Department, Fort St. George, M A D R A S.

Sub :- Textile Industry; The Carnataka Spinning and Weaving Mills, Ltd., Bellary;
Ref:- Your Letter No.55263 P & D 111/45, dated 14th February 1946.

---

Sir,

1. With reference to Para 1 of the above letter I am returning herewith the Original Prospectus, Memorandum and articles after carrying out the alterations.

2. With reference to Para 2 , the Managing Agency Agreement will be modified to the extent of limitting the bonuses of the Managing agents to 10 % of the net profits of the Company as defined in S.87 C (3) of the Indian Companies Act.

3. In reference to the wishes of the Government, the Managing agency agreement will be modified to this respect that the Managing agents will be entitled to the bonus only from and after year in which a dividend is declared.

4. I request that the Government be pleased with the alterations already carried out and not insist on the Provision that bonus should be payable only when the dividends does not fall below a certain percentage.

I remain
Sir,
Yours faithfully,

Y Mahabaleswarappa

B E L L A R Y .
D/- 13-3-1946.

Issue the 2 drafts.

Two drafts

I

Lr. no. 552630 D. III-45-7 d 25-3-46. Dev. Dept.

To,

The Examiner of Capital Issues,

Fin. Dept., G of I., New Delhi.

Sir,

Sub:- Textile Industry - Bellary Dist. - Karnataka Spinning and Weaving Mills Ltd. - Revised application for capital issue.

In continuation of this Govt. letter no. 552630 D. III-45-2 Dev., d 20-12-45, I am directed to state that the Govt. of Madras recommend the revised application d 10-1-46 (Copy sent to you direct) for capital issue put in by Sri Rao Bahadur Y. Mahabaleswarappa on behalf of the Karnataka Spinning and Weaving Mills Ltd., Bellary.

Y. O. S.

II

Memo no. 552630 D. III. 45-8 d 25-3-46.

Sub:- Textile Industry - Bellary Dist. Karnataka Spinning and Weaving Mills Ltd., Bellary.

Ref:- From the C. A. E. D. Bd., Ref. no. 444-46-1 d 23-1-46.

The C. A. E. D. Bd., is informed that the Govt. of Madras have recommended to the G of I the revised application for capital is

received from Sri Rao Bahadur Y. Mahaleswarappa on behalf of the Karnataka Spinning and Weaving Mills Ltd., Bellary. The orders of the G of I will be communicated on receipt are awaited.

30/12-3/46 9/46

25-3-46.

To, — Dpdl 27/3

The Secy.
C. D. E. A. Bd.
Chepauk. Ma

77

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2035 G

"G"

No. R. /52/

GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.
(OFFICE OF THE EXAMINER OF CAPITAL ISSUES.)
IMPERIAL SECRETARIAT, NORTH BLOCK.
*New Delhi, the* 2 March 1946.

FOURTH ASST. DEVELOPMENT DEPARTMENT 46./3882 20 MAR 1946

FROM

SIR ALAN LLOYD, C.S.I., C.I.E.,
*Examiner of Capital Issues.*

TO

Rao Bahadur Y. Mahabaleswarappa,
Land Lord, Merchant & Commission Agent,
President Karnataka Chamber of Commerce,
Bellary.

SIR, XXXXXXX

With reference to your letter No. nil, dated the 10th January, 1946,
I am directed to say that, subject to the conditions stated hereinafter and subject to the company's accepting such conditions in writing communicated to the undersigned on or before the 1st May 1946 and subject to the reduction mentioned in the next succeeding paragraph of this letter, the Government of India give their consent under Defence of India Rule 94-A to the proposed issue in British India by The Karnataka Spinning & Weaving Mills Limited, a company XXXXXXX proposed to be registered in the province of Madras, of capital to the value of Rs. 30,00,000/-
as follows, *viz.* :—

54,000 Ordinary shares of Rs.50/- each and 30,000 Ordinary shares of Rs.10/- each. All to be issued at par.

2. The amount by which this issue shall be reduced is the amount of any securities issued by the company under clause (c) of the Exemption Order No. F. 14(1)-E.C.I./45, dated the 5th December 1945. XXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXX ............ XXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXX ..............................

..............................................................

3. With reference to the provision in condition No. 2 regarding the investment of certain amounts out of the capital raised, you are requested to forward your suggestion as to the name of the Bank with which the scrip is to be deposited.

4. With reference to the provision in condition No. 2 regarding the holding of the investment in the custody of the Bank until released by order of the Government, I am to make it clear that no such order of release will be granted until the Central Government is satisfied that the time has come to make payments of corresponding amounts for purposes the extention of which is consistent with the enforcement of any measure of control or restriction that may be in operation at the time when such release is applied for.

XX 5. I am to make it quite clear that the grant of consent to this issue of capital represents no commitment of any kind on the part of the Government of India to render assistance in the matters of priorities or licences for supplies of raw materials, machinery, steel, etc., of transport facilities and of other governmental assistance.

XX *N.B.*—Applications for the release of investments in order to provide funds to make good sums already advanced out of other resources (*e.g.*, unsecured loans) without the previous approval of the Central Government are liable to be rejected.

I have the honour to be,
SIR, XXXXXXX
Your most obedient servant,

Sd/A. H. Lloyd.
*Examiner of Capital Issues.*

[P.T.O.

Copy forwarded to the Government of Madras, Development Department, Madras, with reference to their letter No. 55253 F & D III/45-4.

By Order, etc.,

A H Lloyd

Examiner of Capital Issues.

Ismail, 19/3.

15/.

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2912

*Conditions.*

No. 1 (*a*). No prospectus or other document referred to in sub-rule (5) of Defence of India Rule 94A relating to this issue shall be issued until after securities to the value of at least Rs. 6,00,000/-, have been subscribed privately by and allotted to the promoters and their friends [redacted] (not including underwriters, brokers or clients).

(*b*) When any [redacted] document is issued, the statement required by sub-rule (5) must be worded as follows:—

"Consent of the Central Government has been obtained to this issue of capital by an order of which a complete copy is open to public inspection at the headoffice of the company subject to the conditions that so much of the capital as cannot in that Government's judgment be properly expended until some uncertain future date is invested and kept invested in prescribed securities which will not be released until the Central Government (in consultation with the Crown Representative if any Indian State interests are involved), is satisfied that the time has come to make corresponding payments for purposes which are consistent with the enforcement of any measures of control or restriction that may be in operation at the time when such release is applied for. It must be distinctly understood that in giving this consent the Government of India do not take any responsibility for the financial soundness of any schemes or for the correctness of any of the statements made or opinions expressed with regard to them".

No. 2. All amounts raised by this issue in excess of the free money allowed as below shall be invested within two months of the dates when payment is received in any Government securities or other approved securities within the meaning of Section 2(3) of Insurance Act, 1938, and the scrip therefor shall be deposited with a Bank to be agreed upon between the Company and the Government of India, in the joint names of the Company and of the Secretary, Finance Department, Government of India, in such manner that the securities shall not be available for sale by the Company or for pledging as security for any advance without the previous sanction in writing of the Government of India. The said free money shall be Rs. 5,00,000/- less any amount raised by an issue under the General Exemption referred to in paragraph 2 of this order.

K

No. 3. The authority conveyed in this letter will lapse on the expiry of twelve months from the date of the letter. Within one month of the date when the authority so lapses, the Company must forward to the Examiner of Capital Issues a report of action taken under the authority and of the amount of capital raised as a result of such action.

No. 4. This letter must be produced at the time of presentation of documents for registration or stamping.

No. 5. The amount out of the proceeds of this issue which is not required to be invested in the terms of condition No. 2 shall not be utilised for any purpose unconnected with the proposals set forth in the Company's application for consent to the issue of capital nor [redacted] for the purchase of any machinery, plant or other equipment without the previous approval of the Central Government, [redacted]

*N.B.*—If action is taken in pursuance of this consent and if the company subsequently violates any condition attached to the consent, an offence will be committed by virtue of sub-rules (3) and (10) of Defence of India Rule 94-A.

DI issue urgent
80/29 sub

End. no. 55263 Fin.D. III-45-9 dt 29-3-46. Secr. Dept.

Communicated to the C.I.C., D.I.G. & Collr. Bellary.

80/26 3/46 29.3.46

29.3.46

To,
The C.I.C.
" D.I.G.
" Collr. Bellary
" C.D.D.I.

2/4/46

7FinD—500—29-1-46—PSVPD

Devt. Dept.

Letter No. 52263 P & D III/45-10 dated 12-4-1946.

To

Sri Rao Bahadur Y. Mahabaleshwarappa
President, Karnataka Chamber of Commerce,
Bellary.

Sir,

Sub: Textile Industry - Karnataka Spg & Weaving Mill.

---

I am directed to invite attention to the correspondence ending with ..yours letter ..... dated 13-3-46 and to state that consequent on the redistribution by the Government of India of fine and coarse spindles for this Province, the quota of spindles allotted for your mill has been revised as follows:--

| | | |
|---|---|---|
| Fine spindles ..... | | nil |
| Coarse. ... ..... | | 17,000 |
| Total. ... | | 17,000 |

2. The application for registration for import of capital goods required for your mill may be suitably revised, ~~if revision is necessary~~ and sent in triplicate through the Government of Madras not later than 30-4-46. If no revision is necessary the fact may be intimated to this Government and to the Textile Commissioner, Bombay immediately.

11.4.46

12.4.46.

Copy to
The Tex.Comr.Bombay,
" C.C.I., New Delhi,
" P.T.C., Madras,
" D.I.&.C. "
" Collector of Bellary

Rao Bahadur

Yecharedddy Mahabaleswarappa

Land Lord, Merchant & Commission Agent

PRESIDENT - KARNATAKA CHAMBER OF COMMERCE

TELEPHONE NO. 45.
TELEGRAMS : 'SRI'

Bellary.

28095/30/46

(M.&S.M.Ry.)

27 th, April, 1946.

FOREIGN ASSISTANT SECRETARY TO G...
30 APR 1946
DEVELOPMENT

To,

The Additional Secretary To The Government of Madras,
Developement Department,
Madras.

Sir,

Sub: Textile Industry- The Karnataka Spinning and Weaving Mills Ltd.(Under Formation)

Ref: Your letter No. 55263 P & D 111/45-10 dated 12-4-45.

---

I beg to acknowledge receipt of the above letter.

In reply to paragraph 2 of the said letter, I beg to enclose herewith an application for the Import of Capital Goods in triplicate suitably revised to 17,000 coarse Spindles alloted to the above Mills.

I request you to be kind enough to forward the same to The Controller.

Thanking you in anticipation,
I remain, Yours obediently,

Y Mahabaleswarappa

APPLICATION FOR IMPORT LICENCE OF CAPITAL GOODS.

(Vide Government of India, Department of Commerce Notification No. 23 I.T.C. C/43 dated 1-7-43).

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To
The Chief Controller of Imports,
NEW DELHI.

Through
The Secretary,
Development Department,
Government of Madras,
MADRAS.

| | |
|---|---|
| 1. Particulars of applicant. | Sri Rao Bahadur Y.Mahabaleswarappa Merchant and land-lord, Bellary (S. INDIA).<br>Telegraphic address: "SRI"<br><br>ON BEHALF OF THE KARNATAKA SPINNING AND WEAVING MILLS LTD(under Formation), Bellary S. INDIA. |
| 2. Country from which goods are to be -- supplied. | United Kingdom/U.S.A./Switzerland |
| 3. Description of Goods with No. and quantity. | Seventeen thousand<br>One complete spinning Plant of/ (17) ~~twenty~~ thousand course spindles spinning 20s to 40s and also below 20s with baling Press, Yarn Bundling Presses and Electrical driving equipment together with complete weaving equipment of 300 looms with necessary preparatory and finishing machinery. The Government of India has alloted for the Mills 17,000 Course Spindles |
| 4. Part and Serial No. in Schedule to -- Notification No.23 ITC/43 dated 1-7-43, or Serial No. in the Schedule to Machine Tools Control order 1941. | Part II, 5. |
| 5. Approximate F.O.B. value of goods.. | Rs. 18 Laksh |
| Approximate C.I.F. value of goods. | Rs. 20 Laksh |

| | |
|---|---|
| 6. Estimated gross weight with packing. | 1000 tons of 2240 lbs. |
| 7. Name and adress of Manufacturer. | J.J.Reiter & Co., Switzerland, alternatively Rweedales and -- Smalley England for spinning machinery, and Henry Livesay, England, for weaving equipment. |
| 8. Name and address of supplier or merchant in the country mentioned against item 2 above on whom the order has been or will be placed. | Volkart Brothers alternatively Indian Textile Engineers, Ralli Brothers. |
| 9. Has order already been placed with supplier:- | No. |
| 10. Half yearly period(Jan-June or July-December) during which shipment is desired. | July - December 1946 |
| 11. Financial year (i.e., year ending 31st March) during which payment is likely to be required. | Year ending 31st March 1947 |
| 12. Purpose for which goods are required. c) New Industrial undertaking. | The goods are required for a new Industrial undertaking namely the starting of a spinning and weaving Mill at Bellary. |
| 13. Where are the goods to be installed or used. | The machinery is to be installed at Bellary in the Ceded Districts of the Madras Presidency. |
| 14. Do the goods covered by the application form a complete order or only an instalment if the latter state(a) the extent of the instalment, (b) the extent of the full -- order, and (c) the date of any connected appln. for registration. | The goods form a complete order. |
| 15. In the case of goods falling under 12(a) or (b) or (c), what products are to be manufactured with the machinery in question. | S.I.C. Cotton Yarn and Cotton fabrics. |

| | |
|---|---|
| 16. In the case of goods falling under 12(b) or (c), is any issue of Capital involved? If so, has the consent of Government been obtained? and in the name of that company. | Issue of Capital is involved. The consent of the Examiner of Capital Issues for the issue of capital for Rs. 30 lakhs has been given by |
| 17. Has any other Government authority been approached in connection with the goods covered by this application, e.g., for the commencement of the proposed Industry or location of the proposed factory? If so, quote reference to the correspondence. | The Government of Madras Development Department, has been approached for recommendation for high priority for the import of the goods covered by this application. |
| 18. If the goods are to be purchased from a country outside the sterling area, state whether there are any special reasons for not purchasing within the sterling area. | We have suggested a Non-sterling source of supply in case the machinery will not be available, from United Kingdom within a reasonable delivery period. |
| 18.a. If the goods are to be obtained from a non-sterling area do you wish to make an advance payment, if so, of what sum? | No advance payment is at present intended to be made. |
| 19. Has Import Licence already been (a) applied for (if so, give Number and date of application). | Import Licence not yet applied for. |
| 20. If any special priority grading desired If so, give full reason in support thereof. | We desire the highest priority for the goods. It is our intention to start the Mills as soon as the requisite machinery is available. |

I hereby declare that the above statements are true and correct to the best of my knowledge and belief.

Y Manabaleswaraiah

.. 27.4.46

(By Regd. Post.) Lr. no. 55263 B+D. III - 45 - 11/d 3 - 5 - 46. Dev. Dept.

To,

The Textile Commissioner,
Bombay (with × encls.)

Sir,

Sub:- Textile Industry - Bellary Dist. - The Karnataka Spinning and weaving Mills Ltd - Revised application for capital goods.

I am directed to invite reference to my letter no. 55263 B+D. III. 45-10 d 12.4.46 to Sri Rao Bahadur V. Mahabaleswarappa Promoter of the Karnataka Spinning and weaving Mills Ltd. (copy sent to you simultaneously) and to forward with support the revised application

in duplicate for capital goods received from him.

30/1.5.46

Y. o. i S.

3.5.46

Copy to the C. & I. New Delhi
... G. of I. Dept. of
... Supplies & Supply
... D.T.C. Mogra
... D.I.& C.
... Collr. of Bellary

55263
n. 2.45

Devt. 29905 P&P
9 5 46.

ELECTRICITY DEPARTMENT.

From

The Chief Engineer for Electricity,
Chepauk, Madras.

To

The Secretary to Government,
Development Department, Madras.

No.2618-C/45-27 dated 6th May, 1946.

Sir,

Sub: Establishment of Spinning & Weaving Mills at Bellary by the Karnataka Spinning & Weaving Mills Ltd.

---

Messrs. Y. Mahaleswarappa & Co., Managing Agents of the Karnataka Spinning & Weaving Mills Ltd., (under formation), Bellary, have stated that it is proposed to start a spinning and Weaving Mills at Bellary with an authorised capital of Rs.30 lakhs and that the scheme has the approval and encouragement of the Government of Madras. They have requested the allotment of 400 KW of power for running the Mills.

2. The power required can be supplied by this Department in 1948 from the Ceded Districts Scheme.

3. I request to be informed if the installation at Bellary, of the new mills by the company referred to above has been permitted by Government.

4. I also request that information regarding factories approved by Government from time to time may kindly be furnished to this Department also.

for Chief Engineer (Electricity).

V.E 1/5 Rlisme 80/131 on 13.5.46

O.M. No. 55263 B4D. III. 45:12 d 11-5-46. Dev. Dept.

Sub:- Textile Industry - Recommendations

Ref:- From the Chief Engr. for Electricity, No. 2618 G.45-27 d 6-5-46.

A copy of the letter from this Govt. No. 46321 B4D. III-45-27 Dev., d 9-4-46 to the G of I, Dept. of Industries & Supplies, New Delhi, containing the recommendations of the Govt. about the textile industry in this Province, is ~~herewith~~ forwarded to the Chief Engineer for Electricity. The details of extensions to the existing mills and the new mills recommended are given in the appendix of that letter. The Karnataka Spinning and Weaving Mills Ltd. is one among those recommended by the Govt.

2. Pinkmanic mill also be given to th

The Chief Engr. for Electricity, Chepauk, Madras (with endo.)

87/9.5.46

when the installation of a new facility in connection with future development scheme is approved by the Govt.

11-5-66

P 54.6

93.

REGISTERED A.D.

GOVERNMENT OF INDIA
DEPARTMENT OF INDUSTRIES AND SUPPLIES
OFFICE OF THE TEXTILE COMMISSIONER,
Wittet Road, Ballard Estate,

NO.PWP/Z/1/6/3828. Bombay, the 22nd May 1946.

Rao Bahadur Y. Mahabaleswarappa,
President, Karnatak Chamber of Commerce,
(Karnatak Spg. & Wvg. Mills Ltd.,)(Bellary.

33411 84 D III/4
24-5-46

Dear Sirs,-

Sub:- Establishment of a new Mill in the
Madras Province/~~State~~.
~~Expansion of existing Mill~~
Ref:- Letter dated 9-4-46 & telegram dated 13-5-46 from Government of Madras.

I am directed to inform you that the Government of India, in consultation with the appropriate Provincial/State Government, have been pleased to allot to you the following textile machinery in furtherance of the recommendation of the Post-War Planning Committee (Textiles) for the expansion of the Indian Cotton Textile Industry in the Post-War period:-

(a) Spindles:-

nil fine 17,000 coar

(Seventeen-thousand ~~spindles~~ coarse spindles)

with appropriate preparatory machinery.

(b) Looms (Under consideration)

2. I am requesting the Deputy Chief Controller of Imports, Bombay to issue a licence for your requirements on receipt of an application from you, in the prescribed form in triplicate. A specimen copy of this form is enclosed from which you may prepare the requisite number of forms. It is necessary to make separate applications for (i) spinning machinery and (ii) looms. These two applications are required even if you have previously applied to the Chief Controller of Imports, New Delhi, the Deputy Chief Controller of Imports, Bombay and/or to this Office. No action will be taken on your previous application.

The application must reach the Office of the Deputy Chief Controller of Imports, Bombay within six months of the date of this letter. Otherwise the permission hereby given to you to acquire textile machinery is liable to be withdrawn.

The application must clearly specify the description and number of the machines proposed to be imported and also their total f.o.b. value and gross weight.

The following agents in India of the Machinery Manufacturers in the United Kingdom have been given permission to give you estimates, quotations etc., and to accept your orders:-

(1) The Indian Textile Engineers Ltd., Bombay (who represent all Spinning Machinery Manufacturers in the United Kingdom including Messrs. Tweedales & Smalley (1920) Ltd.).

(2) Messrs. Greaves Cotton & Co. Ltd., Bombay.

P.T.O.

(3) Messrs. W.H. Brady & Co. Ltd., Bombay.
(4) Messrs. Sorabji Shapurjee & Co. Ltd., Bombay.
(5) Messrs. Gannon Dunkerley & Co. Ltd., Bombay.
(6) Messrs. H.M. Mehta & Co., Bombay.

6. If you require quotations and estimates from any other firms representing United Kingdom Textile Machinery Manufacturers not included in the above list, necessary permission would be given to you on your applying to this Office.

7. According to the latest amendment in the Open General Licence, it is not necessary to apply for a licence for the import of the following machinery from the United Kingdom:-

1) Dyeing, Bleaching, Mercerising and Calendering machines.
2) Cone winding machines.
3) Cotton yarn reeling machines.
4) Dobbies.
5) Doubling machines.
6) Jacquards.
7) Printing machines.
8) Sizing machines.
9) Warping machines.
10) Warp & Weft preparatory machinery.

Yours faithfully,

(NANDULAL M. MEHTA)
for TEXTILE COMMISSIONER.

Encl: Specimen form.

Copy forwarded to:-

(1) The Deputy Chief Controller of Imports, New Custom House, Ballard Estate, Bombay,

with a request to issue the necessary licence on receipt of the application from the addressee after the application has been scrutinised by M.F.S. Branch of this Office.

(2) The M.F.S. Branch of this Office for necessary action.

(3) The Secretary to the Government of India, Department of Industries and Supplies, New Delhi.

(4) The Additional Secretary to Government, Planning & Development Department, Government of Madras, Madras.

(Nandulal M. Mehta)
for Textile Commissioner.

P/k.
Endt. no. 55263 848. III-45-1947-5-46.
Communicated to the P.T.C., Dev. Dept. D.I.&C, and
B.D.E.A. Bd.

To
The P.T.C.
" D.I&C.
" B.D.E.A.Bd.
x with

Dev

Pub. c No 967 [illegible]

28 to 46 95

79516

C.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

28 OCT 1946 — PRIVATE SECRETARY TO GOVERNOR-GENERAL

UNDER SECRETARY — GOVERNMENT HOUSE — 26 OCT 1946

12 OCT. 46 — DEPT OF INDUSTRIES & SUPPLY

| NOTICE | Charges to pay. Rs. | As. | Office Stamp |
|---|---|---|---|
| This form must accompany any inquiry made respecting this telegram | | | |

| Handed in at (Office of Origin) | Date | Hour. | Minute. | Service Instructions. | Words |
|---|---|---|---|---|---|
| [illegible] | | | | | |

TO

Recd. here at 8 H. 15 M.

(1d) honorable Mr [illegible] development Minister at Govt House mp o = Blocked to vote Govt policy on mills strip. Urge favour of exemption for starting spinning mills belong having allotment of seventeen

(9)

N.B.—The name of the sender if telegraphed in written after the text.

Eden Bros, Calcutta—Rs. 4½ (3128/E-21/5)—10-2-45—1,00,000 Bks.

Dev

Dev.U.O. 79516 MI/46

24-X-46

Public (PLD) U.O.

24-10-46

24-X-46

~~Dub (AIR) Jo~~

~~The tgm. at p. 1 above is~~ Submitted for perusal. This may be lodged.

~~26~~ 26.
29.

GOVERNMENT OF MADRAS
PUBLIC (P & D) DEPARTMENT
LETTER NO.40118 P & D II/46-7.
***

From

S.Y.Krishnaswamy Esq., O.B.E., I.C.S.,
Additional Secretary to Government.

To Sri Rao Bahadur Y. Mahabaleswarappa,
President, Karnataka Chamber of Commerce
Bellary.

Dated Fort St. George, the 4th November 1946.

Sir/Sirs,

Sub: Textile Industry.

I am directed to inform you that the Government of Madras have now revised the policy regarding cotton textile mills. The looms as well as the spindles allotted to this Province and distributed for the expansion of existing textile mills and / or the starting of new ones in this Province have since been surrendered to the Government of India and the distribution made for your mill stands cancelled.

Your obedient servant,

S. Y. Krishnaswamy.
Additional Secretary to Govt.

BY REGISTERED POST.

GOVERNMENT OF MADRAS
PUBLIC (P & D) DEPARTMENT
LETTER NO.40118 P & D II/46-11.

From

K.G. Menon Esq., M.B.E., I.C.S.,
Joint Secretary to Government.

To Sri. Rao Bahadur Y. Mahabaleswarappa,
President Karnataka Chamber of Commerce, and
Founder of Karnataka Spg & Wg. Mills, Bellary.

Dated, Fort St. George, the 23rd April 1947.

Sir,

Sub:- Textile Industry.

Ref:- This Government letter No.40118 P & D II/46-7 dated 4-11-1946.

I am directed to state that the Government of Madras have reconsidered their policy regarding the textile mill industry and have now decided that the allotment of spindles already made to your mill should stand.

Your obedient servant,

K. G. Menon.

~~for~~ JOINT SECRETARY TO GOVERNMENT.

5498
25.6.47

From
Rao Bahadur Y. Mahabaleswarappa,
The Karnataka Spinning and Weaving Mills Limited
under Formation,
Bellary.

To
The Secretary,
Government of India,
Department of Industries and Supplies,
New Delhi.

Through
The Secretary,
Development Department,
Fort St. George,
Madras.

Sir,

Sub:- Import of Textile Machinery: Press Note issued by the Government of India dated 29th April 1947 re:- Cancellation of Licences which have not been acted upon.

---

The Karnataka Spinning and Weaving Mills Limited (proposed to be formed with its registered office and factory at Bellary in the Ceded Districts of the Madras Presidency) was allotted a spindlage of 17,000 spindles in the Post War Development Plan of the Government of India. About the end of last year, however, the Government of Madras indicated its intention to prohibit the starting of new textile mills in Madras Province and there was a controversy between the Government of India and the Government of Madras on the surrender of spindles. Owing to this controversy, great uncertainity prevailed and many of those who had been granted spindlage could not go ahead, as the general public naturally shied at investing their monies on a venture which was discouraged by the Government then in power.

2. It was only quite recently that the new Government of Madras revised their attitude regarding the starting of new Textile Mills, and made it clear that no impediments would be placed in the way of the allottees in starting their Mills. This announcement however was followed closely by the Press Note of your Government dated 29th April 1947 intimating the Government of India's intention to cancel existing licences if they had not been acted upon by the end of June 1947.

3. We wish to point out to you that the time between the announcement of the reversal of Government's Policy and the date before which according to the Government of India, the licences should be acted upon is too short for any effective action to be taken by the allottees. The capital required to be laid out in such a venture is not a small one, and it is impossible for the allottees to comply with the requirements of the press note within the time allowed. Further, the money market has become tight and it is unjust to the allottees who have sunk much money and expended much time and energy that their licneces should be taken away by the Government of India.

4 Our company has placed a provisional order for the import of machinery and preperations are also being made for going ahead with the work. But for all arrangements to be finalised, considerably more time than that allowed will be required.

5 We, therefore, request that the Government of India do please reconsider their attitude and extend the time till the end of June 1948.

6 The Post War Textile Mill Allottees Association of Madras which is a very representative association of the allottees in South India has passed a resolution on 14th May 1947 requesting an extension of time till the end of the year. We beg to enclose a copy of the same for your reference.

7 We hope that this request will be considered favourably.

8 Thanking you,

Yours faithfully,

Y Manabaleswarappa

Bellary,

Dated. 21.6.1947.

Copy to:-

1. The Hony. Secretary, The Post War Textile Mill Allottees Association, 410, High Road, Triplicane, Madras.

2. The Deputy Chief Controller of Imports, Phoenix Buildings, Ballard Estate, Bombay.

105

THE POST-WAR TEXTILE MILL ALLOTTEES ASSOCIATION.

410, High Road,
Triplicane, Madras.

Copy of the proceedings of the Managing Committee meeting held on 14th May 1947.

---

At a meeting of the Managing Committee held on 14th May 1947, the following members were present:

1. Dewan Bahadur C.S. Ratnasabapathi Mudaliar, C.B.E., President.
2. Mr. P.S. Mani Ayyar.
3. Mr. Somappa.
4. Mr. R. Venkataswamy.
5. Mr. M.S.A. Majid, M.L.A., Secretary.

The Committee resolved:

4.(a) As the order of the previous Government of Madras, has forced the licencees to suspend their action in regard to the progress of the company, Central Government will be requested not to cancel the licences at the end of June 1947 but to extend the time till the end of the year.

(b) Members will also be requested to apply directly to the Government for the extension of time of cancellation of licence and spindles individually.

(SD) M.S.A. Majid,
Hony. Secretary.

True Copy
Y Manabaliswarappa

Madras,
15-5-47.

Public (P & D) Department

Letter No. 55263 P & D II/45-14 dated 10-7-1947.

To

Sri Rao Bahadur Y. Mahabaleswarappa,
Promoter of the Karnataka Spinning & Weaving,
Mills Ltd., and President of the
Karnataka Chamber of Commerce, BELLARY.

Sir,

Sub:- Textile Industry - Bellary District - The Karnataka Spinning & Weaving Mills Ltd.

Ref:- Your letter dated 21-6-1947 addressed to the Govt. of India through this Govt.

***

I am directed to invite a reference to the letter No. R. 52.E.C.I.46-388 dated 24-3-1946 from the Examiner of Capital Issues, wherein sanction for the issue of Capital to the value of Rs. 30/- lakhs was accorded to the Karnataka Spinning & Weaving Mills Ltd., and to enquire whether the entire capital has been subscribed.

2. In your letter dated 16-5-1947 you have stated that an order has been placed and the machinery is likely to arrive during the next year.

(p.t.o.)

It is stated in your letter dated 21-6-1947 that a provisional order for the import of the textile machinery has already been placed. The two statements appear to be contradictory. If an order has been placed, it is not clear why a period of one year is still required to finalise arrangements. A period of 3 to 6 months would seem to be quite sufficient for the purpose. I am therefore directed to request you to explain in greater detail why an extension of time exceeding 3 to 6 months is essential in this case.

Y.O.S.

Rao Bahadur

Yechareddy Mahabaleswarappa

Land Lord, Merchant & Commission Agent

PRESIDENT - KARNATAKA CHAMBER OF COMMERCE

TELEPHONE NO. 45.
TELEGRAMS : 'BRI'

Bellary.
(M.&S.M.Ry.)

23rd July 1947

6468.
26/7/47

To
The Additional Secretary,
Development Department,
Fort St. George,
MADRAS.

Sir,

Sub:- Textile Mills.

Ref:- Your letter No.55263 P. & D. 11/45-14 dated 10-7-47.

Reference is made to your letter of the 10th instant and I wish to place the following for the Government's kind consideration.

(1) With reference to the enquiry whether the Capital sanctioned to the Company has been subscribed, I have to report that the Company has not been floated yet and no collection of the capital has been made. It will take some time to raise the capital in the backward tracts of the Ceded Districts. It is the wish of the Government and also the ambition of the promoters to have the shares subscribed predominently by small ryots of this District. This can be possible only when the ryots are having money during the season time. This is one of the reason why extension of time is desired.

(2) With reference to the explanation called for about the statement of my letter of the 15th May, I beg to state that the position is this: Messrs. Indian Textile Engineers Ltd., Bombay promised to supply us the requisite machinery to arrive by the end of 1948 and I agreed to have the machinary so supplied by them. I registered an order with the Company on 21-6-47. But further arrangement had to be made i.e., payment of advance etc., before that arrangement could be finalised. It is in that sense that I meant that order has been placed with Messrs. Indian Textile Engineers Ltd., Bombay, though it is a provisional one. If there has been inappropriateness in the technical terms employed, I request to be excused.

2. For the above reasons, I pray that my request in my letter dated 21-6-47 be recommended strongly by the Government and extension of one years' time be given even as a special case.

I remain, Sir,
Yours faithfully,
Y Mahabaleswarappa

Pub. (P & D) Dept.

Letter No. 55263 P & D II/45- 15 dated 1 -8-1947.

To

Sri Rao Bahadur Y. Mahabaleswarappa,
Promoter of the Karnataka Spinning & Weaving Mills Ltd. and president of the Karnataka Chamber of Commerce, BELLARY.

Sir,

Sub:- Textile Industry - Bellary District - The Karnataka Spinning & Weaving Mills Ltd.

Ref:- Your letter dated 23-7-1947.

-:-:-

With reference to your letter cited I am directed to state that the Textile Commissioner, Bombay, has since granted time till 31-8-1947 for placing orders for the requisite textile machinery by the allottees of spindles in the Province. I am therefore to ask you to place a firm order for the machinery required for your mill ~~may therefore~~ be placed before that date. If it is not possible to do so, you may send an application for ~~the~~ extension of time required ~~may be sent~~. It must be clearly explained in that application why such an extension of time is essential.

2.....

2. The sanction for the issue of Capital of Rs. 30/- lakhs accorded to your Company by the Examiner of Capital Issues in his letter No. R. 52-ECI/46/368 dated 24-3-1946 has already lapsed. ~~It is~~ You have stated that no collection of capital has so far been made. I am therefore to ~~request~~ suggest that ~~as~~ you may send at once an application for extension of time for issue of the capital. ~~may be sent at once~~

Y.O.S.

pp 77-78 C.f.
cf. Cardichan 3 on p 7 E.C.f
Z on p 109 C.f.
Gen-cls at K on p 12 m.f.

[R. D. 10-9-47]

80/31/47 Sec. 1.8.47

Sec 1.8.47

GOVERNMENT OF MADRAS
PUBLIC (P & D) DEPARTMENT
Letter No.40118 P & D II/46-15
* * *

From

K. Ramunni Menon Esq., C.I.E., I.C.S.,
Additional Secretary to Government.

To

The Textile Commissioner,
Wittet Road, Ballard Estate,
B O M B A Y.

Dated, Fort St. George, the 17th June 1947.

Sir,

Sub:- INDUSTRIES - Cotton Textile Industry - Expansion of - Allotment of looms.

Ref:- Your letter No. PWP/Z/1/6/95 dated 7-2-1947.

-oOo-

In continuation of this Government's letter No. 40118 P & D II 46-9 dated 20-2-1947, I am directed to state that the Government of Madras consider that 50% of the 352 thousand spindles allotted to this Province under the Postwar Development Plan should be left uncovered by looms for the production of free yarn for use by the Handloom Weavers and other Consumers in this Province. The number of looms to be installed in this Province under the Postwar Plan should not therefore exceed 4,400.

2. This Government have considered the applications for allotment of looms from those who have already been allotted spindles out of the Provincial quota of 352 thousand spindles and others and recommend the grant of looms to the applications shown in the Appendix. The number of looms recommended is noted against each. A further recommendation will be made about the remaining loom capacity.

Your obedient servant,

ADDITIONAL SECRETARY TO GOVERNMENT.

# A P P E N D I X

| S.No. | District | Name of the Mill. | No. of spindles allotted. | No. of looms recommended. |
|---|---|---|---|---|
| 1. | Bellary | The Karnataka Spinning & Weaving Mills Ltd. | 17000 | 212 |
| 2. | Madura | The Srinivas Mills Ltd. | 12000 | 150 |
| 3. | Ramnad | The Virudhunagar Textile Mills Ltd. | 18000 | 225 |
| 4. | Trichinopoly | The Poerdan Textile Ltd. | 12000 | 20 |
| 5. | Tinnevelly | The Murugananda Mills Ltd. | 12000 | 150 |
| 6. | Trichinopoly | The Trichinopoly Mills Ltd. | 9000 | 112 |
| 7. | Coimbatore | The Sarada Mills Ltd. | 3000 | 40 |
| 8. | Coimbatore | Tirumurthy Mills Ltd. | 10000 | 125 |
| 9. | Coimbatore | Asher Textile Ltd. | 10000 | 125 |
| 10. | Madura | Mahalakshmi Textile Mills Ltd. | 14000 | 186 |
| 11. | Tinnevelly | The India Textiles Ltd. | 12000 | 150 |
| 12. | Tinnevelly | Karthikeyan Mills Ltd. | 12000 | 100 |
| 13. | Guntur | The Haemalatha Textiles Ltd. | 12000 | 150 |
| 14. | Tinnevelly | Sri Ganapathy Mills Ltd. | 12000 | 100 |
| 15. | Coimbatore | Dhanalakshmi Mills | - | 168 |
| 16. | Madura | Sri Meenakshi Mills | - | 144 |
| 17. | Coimbatore | Lakshimi Mills | - | 200 |
| 18. | Ramnad | Rajapalayam Mills | - | 450 |
| | | | Total. | 2746 |

~~REGISTERED A.D.~~

GOVERNMENT OF INDIA
DEPARTMENT OF INDUSTRIES & SUPPLIES (INDIA)
OFFICE OF THE TEXTILE COMMISSIONER,
Wittet Road, Ballard Estate,

No.PWP/Z/1/[redacted]686(1) Bombay, the [redacted] August, 194 -

To

[redacted]
Rao Bahadur Y. Mahabaleswarappa,
President, Karnatak Chamber of Commerce,
(Karnatak Spg. & Wvg. Mills Ltd.,
Bellary.

7457
9.43

Dear Sirs,

Sub:- Establishment of a new mill in the

--------[redacted]Madras-------Province/[redacted].

[redacted]

Ref:-

I am directed to inform you that the Government of India, in consultation with the appropriate Provincial/[redacted]Government, have been pleased to allot to you the following textile machinery in furtherance of the recommendation of the Post-War Planning Committee (Textiles) for the expansion of the Indian Cotton Textile Industry in the Post-War period:-

3-94 allowed

(a) Spindles:- [redacted]Already allotted as per this Office letter No.PWP/Z/1/6/[redacted] dated 22nd May 1943.

[redacted] [redacted].

with appropriate preparatory machinery.

200 in p"4 allowed. (b) Looms [redacted]200 (Two hundred and twelve)

2. I am requesting the Deputy Chief Controller of Imports, Bombay to issue a licence for your requirements on receipt of an application from you, in the prescribed form in triplicate. A specimen copy of this form is enclosed from which you may prepare the requisite number of forms. It is necessary to make separate applications for (i) spinning machinery and (ii) looms. These two applications are required even if you have previously applied to the Chief Controller of Imports, New Delhi, the Deputy Chief Controller of Imports, Bombay and/or to this Office. No action will be taken on your previous application.

3. The application must reach the Office of the Deputy Chief Controller of Imports, Bombay within six months of the date of this letter. Otherwise the permission hereby given to you to acquire textile machinery is liable to be withdrawn.

4. The application must clearly specify the description and number of the machines proposed to be imported and also their total f.o.b. value and gross weight.

5. The following agents in India of the Machinery Manufacturers in the United Kingdom have been given permission to give you estimates, quotations etc., and to accept your orders:-

(1) The Indian Textile Engineers Ltd., Bombay (who represent all Spinning Machinery Manufacturers in the United Kingdom including M/s. Tweedales & Smalley (1920) Ltd. )

P.T.O.

1.16



(2) Messrs. Greaves Cotton & Co., Ltd., Bombay.
(3) Messrs. W.H. Brady & Co., Ltd., Bombay.
(4) Messrs. Sorabji Shapurjee & Co., Ltd., Bombay.
(5) Messrs. Gannon Dunkerley & Co., Ltd., Bombay.
(6) Messrs. H.M. Mehta & Co., Bombay.
(7) Messrs. Associated Textile Engineers, Bombay.
(8) Messrs. The Textile Works, Ltd., Bombay.

6. If you require quotations and estimates from any other firms representing United Kingdom Textile Machinery Manufacturers not included in the above list, necessary permission would be given to you on your applying to this Office.

7. According to the latest amendment in the Open General Licence, it is not necessary to apply for a licence for the import of the following machinery from the United Kingdom.-

(1) Dyeing, Bleaching, Mercerising and Calendering machines.
(2) Come winding machines.
(3) Cotton yarn reeling machines.
(4) Dobbies.
(5) Doubling machines.
(6) Jacquards.
(7) Printing machines.
(8) Sizing machines.
(9) Warping machines.
(10) Warp and Weft preparatory machinery.

Yours faithfully,

Sd/-
(S.P. KAURA)
for TEXTILE COMMISSIONER.

Encl: Specimen form.

Copy forwarded to:-

(1) The Deputy Chief Controller of Imports, New Custom House, Ballard Estate, Bombay, with a request to issue the necessary licence on receipt of the application from the addressee after the application has been scrutinised by M.F.S. Branch of this Office.

(2) M.F.S. Branch of this Office for necessary action.

(3) The Secretary to the Government of India, Department of Industries & Supplies(India), New Delhi.

(4) ~~The Additional Secretary to the Government, Government of Madras, Planning & Development Department, Madras.~~

S.P. Kaura 27.8.47
(S.P. KAURA)
for TEXTILE COMMISSIONER.

P/K.
Endt. No. 55263 P&D.II-45/bd/- 9-47. Pub (P&D) Dept.
Communicated to the D.T.C., D.I.&C.,
and C.D.E.D. Bd.

To,
The D.T.C.

Rao Bahadur
Y. Mahabaleswarappa,
LAND-LORD, MERCHANT & COMMISSION AGENT,
PRESIDENT-KARNATAKA CHAMBER OF COMMERCE.

TELEPHONE NO. 117
TELEGRAMS: 'SRI'
Bellary 123

5th Novr. 7 194

9040
8-11-47

To
The Joint Secretary,
Development (P & D) Department,
Government of Madras,
Fort St.George,
MADRAS

THIRD ASST. SECRETARY
8 NOV
DEVELOPMENT DEPARTMENT

Sir,

Sub: Textile machinery: Bellary Dt: The Karnataka Spinning and Weaving Mills Limited.

Ref: Govt.letters Nos.55263 P & D II/45-15 d.1-8-47
No.55263 P & D II/45-18 d.9-10-47.
No.55263 P & D II/45-19 d.29-10-47.
No.8302 P & D II/47-2 d. 6-10-47.

Ref: No.8302 P & D II/47-2 d.6-10-47: I am sending the Questionnaire duly answered.

Ref: No.55263 P & D II/45-15 d.1-8-47: I had applied to the Dy.Chief Controller of Imports, Bombay, as directed by the Government of India for revalidation of the import licence already granted to me I have thus complied with the request contained in paragraph 1 of your above letter.

2 With reference to the request for extension of time for sanction of Capital Issue, I had obtained from the Government of India extension of time till 20-3-1948.

Yours faithfully,

Y Mahabaleswarappa

41273
9.4.48

No.R-246-CCI/48./652
Government of India.
Ministry of Finance.
Office of the Controller of Capital Issues.

New Delhi, the X March, 1948.

From

K.A.Master Esq., M.A.,B.Sc., Bar-at-Law,
Deputy Controller of Capital Issues.

To

The Joint Secretary to the Government of Madras,
Development (P&D) Department,
Madras.

RE: KARNATAKA SHINNING AND WEAVING MILLS LIMITED.

Sir,

I am directed to say that sanction for the issue of Capital to the value of Rs.30 lakhs was accorded to the Company mentioned above, as recommended by the Madras Government in their letter No.55263-P&DIII-45-7 dated 25th March, 1946. Time for the issue of Capital was extended till 20th March, 1948. A copy of the Company's letter dated 20th March, 1948 requesting further extension of time is now forwarded for the Comments of the Provincial Government .

I have the honour to be,
Sir,
Your most obedient servant,

Deputy Controller of Capital Issues.

Bahadur

Yechareddy Mahabaleswarappa

Bellary

(M&S.M.Ry)

Dated the 20th March, 1948.

To

The Examiner of Capital Issues,
Government of India,
Finance Department,
Imperial Secretariat,
New Delhi.

Sir,

N.C.
6 Ref. The Karnataka Spinning and Weaving Mills Ltd. Your letter dated 24-1-47 No.R.52-ECI/46/126.

---

We beg to apply for a further extension of the period allowed to the Karnataka Spinning and weaving Mills Ltd. for the issue of capital of Rs.30/- lakhs by nine months from-20-3-48 to 20-12-1948

2 The Company was registered only on 4-11-47, on account of the uncertain attitude of the Government of Madras during the early part of the year 1947 with reference to the starting of Textile Mills in the Province Thereafter the ryots of the Bellary District, Mainly Cotton Growers, who were intended to take a prependerating share of the Company's Capital were hard hit by adverse crop conditions, and there has been from the east part of 1947 a growing hardening of the money market. Easy conditions ceased to exist try the time the Madras Government made up its mind to permit Textile Mills in the Province, and the promoters had to depend only in the Cotton growers of the District for their capital. Further the promoters were averse to finding capital from outside the district from Capitalist classes. The company therefore has not floated its capital within the time allowed.

3 The Directors are confident that with easier crop conditions prevailing, in the District they can rais the necessary capital from small growers within the end o this Calendar year. The company is intended to be a co-operative enterprise of the Cotton Growers of the District.

4 The Company has made appreciable progress in other-- directions. It has revalidated its import licences. It is in correspondence with machinery and plant suppliers who have taken orders for the supply of machinery.

5 The Directors hope that as soon as the Company issues its capital it will be able to secure the amount for which it has obtained sanction.

-2-

b, It is there-fore necessary for the proper encouragement of a new industry in an area hitherto industrially backward full facilities should be given. We therefore request that the period allowed for the issue of capital be extended by 9 months from 20-3-1948.

We hereby confirm having wired you as under :

"EXAMINER OF CAPITAL ISSUES,
GOVERNMENT OF INDIA,
FINANCE DEPARTMENT
IMPERIAL SECRETARIAT, NEW DELHI.

REQUEST EXTENSION TIME CAPITAL ISSUE KARNATAKA SPINNING WEAVING MILLS NINE MONTHS FROM TWENTIETH MARCH 1948 REFERENCE LETTER NO. R 52 ECI/4/6 DATED TWENTIETH MARCH 1946 AND LETTER NO ECI/4/6/126 DATED 24TH JANUARY 1947 APPLICATION FOLLOWS;

Pp 77-78 above.

N.C

Yechareddi mahabaleswarappa
Bellary,

Yours faithfully,

Sd: Yechareddi.
20.3.48

Rao Bahadur
Yechareddy Mahabaleswarappa
Land Lord, Merchant & Commission Agent
PRESIDENT - KARNATAKA CHAMBER OF COMMERCE

TELEPHONE NO. 45.
TELEGRAMS : 'SRI'

Bellary.
(M.&S.M.Ry.)

9th, April, 1948.

Dear Mr. Reddy,

I wish you a Very Happy and Prosperous New Year.

2 I am herewith sending a copy of the letter received from the Examiner of Capital Issues, New Delhi.

3 The Examiner of Capital Issues, has consulted the Madras Government whether the extension of time applied by me should be granted for raising the capital required for the Mill at Bellary.

4 In this connection I assure you that I have made every preliminary arrangement to raise the required Capital and has contacted my friends and secured their promises to help in this idutrial enterprise. I do not delay any further.

5 I am coming over there to represent to you in person, about this matter within 3 or 4 days. If, in the meanwhile, the papers are sent to you from the Secratariate for orders , kindly recommend for granting the extension of time as aplied for, by me.

6 I confirm the following telegram sent today.
"Pray Information whether staying Madras this week - Y.Mahabaleswarappa"

--- --- ---

Thanking you in anticipation,
I remain, With regards,
Yours sincerely,
Y Mahabaleswarappa

Encl: A copy of the letter from the Examiner of Capital Issues, New Delhi.

To,
The Hon'ble, Sri. H.Sitarama Reddy Garu, B.A., B.L.,
M.L.A.,
Minister for Industries, Government Of Madras,
M a d r a s .

Rao Bahadur
Yecharaddy Mahabaleswarappa
Land Lord, Merchant & Commission Agent
PRESIDENT - KARNATAKA CHAMBER OF COMMERCE

TELEPHONE NO. 45.
TELEGRAMS : 'SRI'
Bellary.
(M.&S.M.Ry.)

42009
15.4.48

14th April 1948

To
The Secretary,
Development ( P & D ) Department,
Government of Madras,
Fort St.George,
MADRAS.

Sir,

Sub: The KARNATAKA SPINNING AND WEAVING MILLS LIMITED.
Ref: Application to the Examiner of Capital Issues for extension of time for issue of capital : Communication No. R-246-CCI/48/653 from the Dy.Controller of Capital Issues to the Jt.Secy Government of Madras ( Development--P & D Dept).

From the copy of the abovereferred communication sent to me, I understand that the opinion of the Madras Government has been invited on my application for extension of time.

I beg to submit the following for the consideration of the Government.

The consent for issue of capital in the case of the Company was received by me on or about the beginning of 24th March 1946. Within a few months thereafter, the Government of Madras announced a policy of not permitting new textile industrial units to be set up in the Province, and that policy continued down to about May 1947. By the time there was a change, the money conditions of the Bellary District, in common with the rest of India, changed and there was felt a difficulty in raising capital. Further, there was no necessity to raise so much capital in the beginning. The suppliers promised delivery of the necessary machinery only vaguely in 1950, and the directors preferred to postpone raising of the capital till such time as it was really required.

But all the necessary steps for the formation of the company and the starting of the company as an industrial unit was taken. The company was incorporated on 5-11-1947.

On account of the reported purchase of Japanese spindles by the Government of India and their reported availability for the new industries, the directors of this company are completing arrangements for floating the company's capital. They expect that in a short time the necessary sum will be raised.

6. It is prayed that in the interests of the industrial development of the ceded districts and for encouraging the local people ~~from~~ to develope industrially, some latitude should be shown to the people by the Government. The district is a poor district though it has all natural advanatages for a succesful textile industry. Effective and what are believed to be fruitful steps have been taken by the directors to raise capital, and it will be hard that if at this time the consent for the issue of capital be postponed or withheld. It is therefore prayed that the time asked for the raising of the capital namely extension of th e consent till 20-12-48.

Thanking you,

Yours faithfully

Y mahabalesvarappa

``Director of The Karnataka
Spinning and Weaving Mills Ltd
( Promoter of the same)

Secy. Ind. Dept

13


Y. Mahabaleswarappa,

LAND-LORD, MERCHANT & COMMISSION AGENT

PRESIDENT-KARNATAKA CHAMBER OF COMMERCE

TELEPHONE: NO. 45

TELEGRAMS: 'SRI'

Bellary.

(M. & S. M. RLY)



MINISTER FOR INDUSTRIES
26 APR 1948
GOVT. OF MADRAS


24th April, 1948.

Dear Mr.Reddy,

49950

29.4.48

This is just to remind you of your kind promise to recommend to the Controller of Capital Issues, New Delhi for granting the extension of time for Capital Issues for The Karnataka Spinning and Weaving Mills Ltd., Bellary.

2. I request you to send for the papers and do the needful.

Thanking you in anticipation,
I remain, With Regards,
Yours sincerely,

Y Mahabaleswarappa

To,
The Hon'ble, Sri. H.Sitarama Reddy Garu,
B.A., B.L., M.L.A.,
Minister for Industries,
Madras.

55116

MADRAS 13 MAY 48 G.T.O.

# INDIAN POSTS AND TELEGRAPHS DEPARTMENT

No 718

Received here at ——— H ——— M

Sept-C
A reply may be sent
13/5/48

13 31

Regd Railway The honourable
Sri Sitaramarao Naidu
industries minister
Mrs

refce my application soliciting
Govt recommendation for extension
of time for capital issue

This sequence of entries at the beginning of this telegram is— class of telegram time handed in serial number (in the case of foreign telegram only) office of origin date service instructions (if any) and number of words.

This form must accompany any enquiry respecting this telegram.

Murthy & Co printers Madras V 8 9

135

# INDIAN POSTS AND TELEGRAPHS DEPARTMENT

No

Received here at _____ H _____ M

-2-

Karnataka spinning weaving mills pray immediate recommendation

yy nahulkar & Co

Ppa

This sequence of entries at the beginning of this telegram is— class of telegram number in serial number (in the case of foreign telegram only) office of origin date service instructions (if any) and number of words.

This form must accompany any enquiry respecting this telegram.

Murthy & Co. printers Madras V 1 9

Dev (P&D) Deptt.

Telegram No. 55263 P&D II/45 dt 15-5-48.

G. Mahabaleswarappa
Promoter Karnataka Spinning and
Weaving Mills
Bellary

(Ref) Your telegram dated 13th instant to Hon. Minister for Industries regarding application for extension of time for capital issue aaa Expedite your reply to Govt. letter No 8302 P&D II/47-19 dated 19th April (48)

Devment.

pf 133-135 c.f.

p. 225 c.f. of L.F.

Issued 15/5/48

15/5/48

14.5.48.

15/5/48

P.C. to go.

137

C-3.

5-25
56: 6

MADRAS
17 MAY 48

17 MAY 1948

# Indian Posts and Telegraphs Department.

No.

Received here at————H————M.

O 11/20 Bellary 17 39

Secretary to Govt Development

Department madras

P137 abov

Ref your telegram 15th instant

reply I sent to govts memo no

should be 30b 9 and dt 11/47/19 dated

19th April was posted same.

date pray early recommendation

The sequence of entries at the beginning of this telegrams is—class of telegram, time handed in serial number (in the case of foreign telegram only), office of origin, date, service instructions (if any) and number of words.

This form must accompany any enquiry respecting this telegrams.

S. Murthy & Co Printers Madras P S G

C-3.

# Indian Posts and Telegraphs Department.

No.

Received here at 5 H. M.

for extension Capital issues.

4 [illegible]

The sequence of entries at the beginning of this telegrams is—class of telegram, time handed in serial number (in the case of foreign telegram only), office of origin, date, service instructions (if any) and nnmber of words.

This form must accompany any enquiry respecting this telegrams.

S. Murthy & Co Printers Madras P S G

14v

Dev (RD) Dept-

20 A.S

Please see Telegram from Y. Maheboleswarappa at pp 135 - 141 above. His reply said to have posted on the same date ie 1/5. May be awaited till 25-5-15 for further action.

18/5/15

Rao. Bahadur

56~49
18-5-48

# Yechareddy Mahabaleswarappa

Land-Lord, Merchant & Commission Agent

PRESIDENT - KARNATAKA CHAMBER OF COMMERCE

TELEPHONE NO. 45
TELEGRAMS: 'SRI'

BELLARY.
(M.&S.M.Rv.)

17th May 1948

To
The Secretary to Government,
Development Department P & D
Government of Madras,
Fort St. George,
M A D R A S.

Sir,

Ref:- Your letter No.8302/P&D II/47-19 dated 19th April '48
and Telegram No. 55263 P & D II/45-20 dated 15-5-48.

I confirm the following telegram sent today.

REFERENCE YOUR TELEGRAM 15th INSTANT REPLY LETTER TO GOVERNMENT MEMO No.8302 P & D II/47-19 DATED 19th APRIL WAS POSTED SAME DATE - PRAY EARLY RECOMMENDATION FOR EXTENSION CAPITAL ISSUES - - Y. MAHABALESWARAPPA "

I request that you would be pleased to recommend the extension of time for Capital Issues for the Karnataka Spinning and Weaving Mills Limited, Bellary.

I remain, Sir,
Yours faithfully,

For the Karnataka Spinning and Weaving Mills Ltd.

Ymahabaleswarappa
Director. 17545

Babudu

**Yechareddy Mahabaleswarappa**

Land-Lord, Merchant & Commission Agent

PRESIDENT - KARNATAKA CHAMBER OF COMMERCE

TELEPHONE NO. 45.
TELEGRAMS: 'SRI'

**BELLARY.**

(M.&S.M.Ry.)

15th, May, 194 8.

Dear Mr. Reddy,

I confirm the following telegram sent to you on the 13th. inst.

" Referance my application soliciting Government recommendation for extension of time for Capital Issues - Karnataka Spinning and Weaving Mills - Pray immediate recommendation - Y. Mahabaleswarappa"

I should be grateful to you if you could send for the concerned file and recommend for the grant of extension of time for the Capital Issues for The Karnataka Spinning And Weaving Mills Ltd., Bellary.

Kindly Reply.

I remain, With Best Regards,
Yours sincerely,

Y Mahabaleswarappa

To,
The Hon'ble Sri. H.Sitarama Reddy Garu,
B.A., B.L., M.L.A.,
Minister for Industries,
M a d r a s .

H.Sitarama Reddy,
Minister for
Industries & Labour.

Fort St.George,
Madras,
Dated 18th May
'48.

My Dear Mahabaleswarappa,

Your letter of the 15th inst., I have sent your letter to the Development - Department and I trust necessary action will be taken in the matter.

Yours sincerely,

o/c

Sri Yecharaddy
Mahabaleswarappa,
President, Karnataka
Chamber of Commerce,
(BELLARY)

. . .

No.R.246-CCI/48/1915
Government of India.
Ministry of Finance.
Office of the Controller of Capital Issues.

New Delhi, the 15th May 1948.

From

K.A.Master Esq., M.A.,B.Sc., Bar-at-Law,
Deputy Controller of Capital Issues.

To

The Joint Secretary to the
Government of Madras,
Development (P&D) Department,
Madras.

Re: Karnataka Spinning & Weaving Mills Limited.

Sir,

I am directed to invite a reference to my letter No. R.246-CCI/48 dated the 5th April 1948 (copy enclosed) and to request that the Provincial Government's reply may be expedited.

I have the honour to be,

Sir,

Your most obedient servant.

SUPERINTENDENT.
For Deputy Controller of Capital Issues.

"BK" 14.5.48.

Copy

No.R.246-CCI/48/652.
Government of India.
Ministry of Finance.
Office of the Controller of Capital Issues.

New Delhi, the 5th April 1948.

From

K.A.Master Esq., M.A.,B.Sc., Bar-at-Law,
Deputy Controller of Capital Issues.

To

The Joint Secretary to the Government of Madras,
Development (P&D) Department,
Madras.

Re: Karnataka Spinning and Weaving Mills Limited.

Sir,

I am directed to say that sanction for the issue of capital to the value of Rs. 30 lakhs was accorded to the company mentioned above as recommended by the Madras Government ~~of~~ in their letter No. 55263-P&D III-45-7 dated 25th March 1946. Time for the issue of capital was extended till 20th March 1948. A copy of the company's letter dated 20th March 1948 requesting further extension of time is now forwarded for the comments of the Provincial Government.

I have the honour to be,

Sir,

Your most obedient servant,

Sd/- K.A.Master.

Deputy Controller of Capital Issues.

"BK" 15.5.48.

Dev. (P & D II) Dept.

Letter No.55263 P & D II/45-21 dated 26-5-48.

To

The Controller of Capital Issues,
Ministry of Finance, Govt. of India, New Delhi

Sir,

Sub:- Textile Industry - Bellary District - Karnataka Spinning and Weaving Mills Ltd. - Extension of time for issue of capital.
ref:- Your letter No.R-246-CCI/48/652 dated 5-4-48.

....

I am directed to state that the Madras Govt. recommend that the Karnataka Spinning and Weaving Mills Ltd., may be granted further extension of time up to 20-8-48, for issue of capital sanctioned to them.

Y.O.S.

Copy to Rao Bahadur Sri Y.Mahabaleswarappa, Promotor, Karnataka Spinning and Weaving Mills Ltd., Bellary.

153

TELEPHONE: No. 45
TELEGRAMS: 'SRI

# Y. Mahabaleswarappa — Bellary.

LAND-LARD. MERCHANT & COMMISSION AGENT (M. & S. M. RLY.)

PRESIDENT-KARNATAKA CHAMBER OF COMMERCE.

22nd May 194 8

INDUSTRIES & LABOUR DEPARTMENT RECEIVED 24 MAY 1948 GOVT. OF MADRAS
DEVELOPMENT DEPARTMENT RECEIVED 24 MAY 1948

Dear Mr. Reddy,

I am very grateful for your letter dated 18-5-48 and once again request you to see that the recommendation for the extension of time for the Capital Issues is made at the earliest convenience.

I remain,
With regards,
Yours sincerely,
Y Mahabaleswarappa

To
The Hon'ble Sri. H. Sitarama Reddy, Garu, B.A., B.L., M.L.A.,
Minister for Industries & Labour,
Government of Madras,
Madras.

Dev (PSO) Delhi

Submitted for perusal.
Recommendation of Govt for

156

Exclusion of time for issue of Capital, to the Controller of Capital Issues was already sent. P15 3/4/53
No action at present. This may be added to the file

6
29/5/53

29/5/53

29.5.53.

157

No.R.246-CCI/48./1190
Government of India.
Ministry of Finance.
Office of the Controller of Capital Issues.

New Delhi, the 16/6 June 1948.

68939
21/6/48

From

K.A.Master, Esqr., M.Ar, B.Sc., Bar-at-law,
Deputy Controller of Capital Issues,

To

The Secretary to the Government of Madras
Development (P & D) Department,
Madras.

Re: The Karnataka Spinning & Weaving Mills Ltd.

Sir,

P 153 above

With reference to your letter No.55263 P & D II/45/21 dated the 26th May 1948, recommending that extension of time upto 20th June 1948 may be granted the propsal of the Provincial Government will hardly give any time to the company to raise further capital as by the time they receive the extension order the extended period will have almost expired.

I am to enquire whether the Madras Government have any objection to extending time till the 20th December 1948. It will be appreciated if a telegraphic reply is sent to this communication in view of delay which has already occured in the case.

I have the honour to be,
Sir,
Your most obedient servant,

Deputy Controller of Capital Issues.

JS/-. 14.6.48.
16/6

Issued at noon 3:45 P.M.

Issued
23.6.48

157

Dev (P&D) Dept.

Telegram No. 55263 P&D II/45- 22 dt 23-6-68

To

The Controller of Capital Issues
New Delhi

Telephone intimation
23/6/48

p. 157 c.f.

[Reference] your letter No. R. 246-CCI/48/1140 dated 16th June [1948] Madras Govt. have no objection to extend time till 20th December 1948 for issue of capital by Karnataka Spinning and Weaving Mills Ltd.

Dearmont.

Issue in circulation on p. 19 N.F.

23.6.48

23/6

P.C. to go: 1 ✓ dtd 23/6/48.

DD 1 - Secy

16

NO.R. 246 -CCI/48/566
GOVERNMENT OF INDIA,
MINISTRY OF FINANCE,
OFFICE OF THE CONTROLLER OF CAPITAL ISSUES.

NEW DELHI, the 28th June 1948.

From

K.A.Master, Esq., M.A., B.Sc., Bar-at-Law,
Deputy Controller of Capital Issues,

To

Rao Bahadur Yechareddy Mahabaleswarappa,
Landlord, Merchant and Commission Agent,
President, Karnatak Chamber of Commerce,
Bellary (M. & S.M.Ry.)

SUBJECT: The Karnataka Spinning and Weaving Mills Ltd.

SIR/~~Gentlemen~~,

With reference to your letter No.. ..... dated the 20th March 1948, I am directed to say that the Government of India are pleased to extend till 20th December 1948 the period allowed for the issue of capital by their order conveyed to you in this office letter No. R-52-ECI/46/387 dated the 20th March 1946.

This letter should be produced to the Registrar of Companies.

I have the honour to be,
Sir/~~Gentlemen~~,
Your most obedient servant,

d/. K.A. Master.
Deputy Controller of Capital Issues.

Copy forwarded to the Secretary to the Government of Madras, Development (P&D) Department, Madras, with reference to his telegram No. 55263 P&D II/45-22 dated the 23rd June 1948.

By order, etc.,

Deputy Controller of Capital Issues.

'JAIN'
'500-3.1.48'

"BK" 28.6.48.

Kantine file

Public (P&D) Dept.

Dr. no. 55-263 P&D II/45-[illegible] dated 1-9-47.

To.

Sri. Rao Bahadur Y. Mahabaleswarappa.
Promoter of the Karnataka Spg & Wvg Mills Co.
President of the Karnataka Chamber of Commerce.
Bellary.

Sir,

Sub:- Textile industry — Bellary Dist.
The Karnataka Spg & Wvg. Mills Ltd.

Ref. Govt. Dr. no. 55-263 P&D II/45-15 dated 1-8-47.

I am directed to enquire when a reply to the letter cited may be expected

Y. O. S.

[N. R. D. 2/10.47]

3 119

Rao Bahadur
Y. Mahabaleswarappa,
LAND-LORD, MERCHANT & COMMISSION AGENT.
PRESIDENT-KARNATAKA CHAMBER OF COMMERCE.

TELEPHONE NO. 45.
TELEGRAMS: 'SRI'

Bellary.
20th, Sept, 1947.

3 SEP 1947

8243
3979/47-1

To,
The Chief Secretary,
The Government Of Madras,
Fort Saint George,
Madras.

Sir,

Sub : Textile Mill - The Karnataka Spg. & Wvg. Mills Ltd., Bellary.

5117 dtd Ref : Govt letter No.55263/P.&D. 11/45-15 dated 11th, Sept, 47.

---

With referance to your above letter, I have the honour to state that I will be submitting my reply in a very short time.

I have the honour to be, Sir,
Yours faithfully,
Y. Mahabaleswarappa

Lr. no. 55263 D&D II-45-15 dt. 10-47. Dev. (D&D II) Deptt.

To,

Sri Rao Bahadur Y. Mahabaleswarappa,

Promoter of the Karnataka Spg. & Weav. Mills Ltd. & President of the Karnataka Chamber of Commerce,

Bellary. (with endo.)

Sir,

Sub:- Textile Industry - Bellary Dist. - The Karnataka Spg. & Weav. Mills Ltd.

Ref:- your letter d 27.9.47. [illegible] above

With reference to your letter cited I am directed to forward herewith a copy of the Govt. letter no. 55263 D&D II-45-15, Dev(D&D), dt 8/47 [illegible] above and to request that a reply in the matter may be sent as early as possible.

Y.O.S

7/10/47 7.10.47

Routine file

2

Lr. no. 55263 P&D. II-45-18 dtd. 10.47. Dev. (P&D II) Dept

To

Sri Rao Bahadur Y. Mahabaleswarappa,
Promoter of the Karnataka Spg. & Wvg. Mills Ltd.
& President of the Karnataka Chamber of Commerce
Bellary.

Sir,

Sub :- Textile Industry - Bellary Dist.
The Karnataka Spg. and Wvg. Mills Ltd.

Ref :- This Govt's letters nos. 55263 P&D II/45-15 dtd 1-8-47 & 55263 P&D II/45-18 dtd. 9.10.47.

I am directed to enquire when your reply in the matter may be expected.

Y.O.S.

N.R.V. 15.11.47.

Rao Bahadur
Y. Mahabaleswarappa,
LANDLORD, MERCHANT & COMMISSION AGENT.
PRESIDENT-KARNATAKA CHAMBER OF COMMERCE.

TELEPHONE NO. 45
TELEGRAMS: 'SRI'

Bellary.

27th, Sept, 1947.

8242

3 P 1947

The Additional Secretary,
Developement Department,
Govt. of Madras, Fort St. George,
Madras.

Sir,

Sub: Textile Mill - The Karnataka Spinning & Weaving Mills Ltd-Bellary.

Ref: Govt. Letter No.55263-P&D 11/45/15.

---

I request that a copy of your latest referance on the above subject be kindly furnished to me at an early date.

Thanking you,
I remain, Sir,
Yours faithfully,

Y. Mahabaleswarappa

Dept. 2

Textiles - Starting of a mill at Bellary

No 1-3 c.f. Ref:- from Sri Mahadeswarappa d. 1-9-45.

p 4 c.f. End:- to P.T.C, D.I.C, Coll:r Bellary D. 28-9-45.

p 39 c.f. From Coll:r Bellary - 42/s 7872/No.5 d. 17-10-45.

Please see the letter from the Coll:r of Bellary on p 39 c.f; The reports from the P.T.C and D.I.C called for in the end:t on p 4 c.f. may be awaited till 25.10.45. The recommendations of the Coll:r may be examined together with all other applications received in this connection.

22.10.45.

Minutes

23/10/45

8302/47.

GOVERNMENT OF INDIA
MINISTRY OF INDUSTRY AND SUPPLY
OFFICE OF THE TEXTILE COMMISSIONER,
WITTET ROAD, BALLARD ESTATE, BOMBAY.

MFS(C)PMP/Z/1/6 6th August 1949.

RECEIVED 8 AUG 1949 DEVELOPMENT DEPT.

81992 P/D II 9849

Rao Bahadur Y.Mahabaleswarappa,
President Karnatak Chamber of Commerce,
(Karnatak Spg. & Wvg.Mills,)
Bellary.

Sub: Allotment of spindles for setting up a new Textile Mill in the Province of Madras.

Ref: This office authorisation letter No.PMP/Z/1/6/3828 dated 22-5-46 and PMP/Z/1/6/586(1) dated 26-8-47 allotting 1,70,000 and 212 looms.

Please refer to this office letter No.MFS(C)PMP/Z/1/6/103 dated 25-5-49

The Government of India have now decided, in consultation with the Government of Madras to cancel the allotment of 1,70,000 and 212 looms made to you in the authorisation letters referred to above. Please note that the permission given to acquire the above Textile machinery is hereby withdrawn.

(sd)
(F.A.F.JESUDIAN)
DIRECTOR.

Copy to:

1. The Secretary to the Government of India,
   Ministry of Industry and Supply,
   New Delhi.
2. The Secretary to theGovt. of Madras,
   Development (P & D) Department,
   Fort, St. George,
   Madras.
3. The Deputy Chief Controller of Imports,
   Gulam Muhammed Building,
   Nicol Road, Ballard Estate,
   Bombay.
4. MFS(D)Section.

(F.A.F.Jesudian)
Director.

To A.S.

and added
may be lodged to G.O.4084 Devt. dt 4-8-48

16-8-49

17-8-49

Development Department.

Textile Industry -- Bellary District

Name of Mill: The Karnataka Spinning & Weaving Mills Ltd.

Name of Applicant: Rao Bahadur Y. Mahabaleswarappa.

This case has been recommended to the Government of India for 20,000 spindles (— fine and 20,000 coarse) and 300 looms.

2. The capital to be issued is Rs. 30 lakhs, consisting of 60,000 shares of Rs. 50 each.

3. The applicant has proposed to instal 20,000 spindles and 300 looms.

4. The area cultivated with cotton in the district was 534,186 acres in 1943-44.

5. With reference to the decision that growers should be associated in all agro industries and that a reasonable percentage of shares of a sufficiently low value should be provided for the purpose, the number of shares of Rs.10/- each for subscription by growers is for orders.

6. A draft letter to the Esqr. Lyle, Jones, a second Mr. Lyle, Cond. and another to the applicant are submitted for consideration. The order on B above will be embodied in the drafts before issue.

19.12.45

30 thousand shares (added in the drafts by J.S.).

[Issued as Lr. No. 55263 B4D. III. 45-2 d 20.12.45]

[Issued as Lr. No. 55263 B4D. III. 45-3 d 20.12.45]

[Issued as Lr. No. 55263 B4D. III. 45-4 d 20.12.45].

[From Sri Rao Bahadur Y. Mahabaleswarappa, Lr. d 10.1.46]

[From the Secy. C.A.&I.D. Bd, Ref. No. 144.46-1 d 23.1.46]

Please see the letters at pp 43 4 1/c.f and the letter at p 49 c.f received from Sri Rao Bahadur Y. Mahabaleswarappa and its enclosures at pp 51-63 c.f. The letter from the C.D.E.A Bd. at pp 65-66 c.f and its enclosure

4/ at pp67-68 may also be perused.

Sri Rao Bahadur Y. Mahalakeswarappa has submitted directly to the Examiner of Capital Issues a revised application for the capital issue making provision for allotment of 30 thousand shares of Rs10/ each for subscription by the growers. It may be recommended. The Secy. C.D.E.D. Bd. may be informed accordingly with reference to his letter at pp65-66 c/f.

✓ 'Z' on p49 c/f

+ pp51-63 c/f

claimed on p55 c/f.

Sri Y. Mahalakeswarappa has stated that necessary amendment to the memorandum and articles of the association at (2) will be made before the Company is registered. These documents may be returned to him for resubmission after carrying out the alterations now.

para 2 on p4 ante

A draft letter to the Examiner of Capital Issues, a memo to the Secy, to the C.D. & E.D. Bd and a draft letter to Sri Y. Mahalakeswarappa are submitted for approval.

Draft I put up

" II

" III

Drafts I put up

80/ 2-7/46 VIII/ 1946 The authorised capital of the Company is 50 lakhs and the issued capital, 30 lakhs.

For conducting the business of the Company M/s. Y. Mahalakeswarappa & Co. ~~have been appointed~~ are the managing agents for a period of 20 years from the date of registration. The following

← A on p1 of 4 B on p1 ante

'Z' on p1

remunerations are proposed to be given to the managing agents.

as per 7/46 (i). (1) 11% of the net profits

(2) An allowance of Rs 1500/- p.m.

Item (2) above presumably excludes expenses on account of staff etc.

As regards item (1), the amount will vary from year to year w.r. to the fluctuations in sales. In certain other cases, the percentage allowed is 10% and provision has also been made for lowering the rate when the profits fall below a specified level. The prospectus states that Rao B.V. Sir Mahalakshmaiah is the sole proprietor of the Managing Agency firm and whether any diminution of these agency terms is considered necessary.

Q. in (C.)

RLL 29/4/46

We have given 20 thousand shares & 10 a capitalisation of 70 lakhs which is not much & can be allowed. 11% for managing agency is also reasonable. I do not like this 11%. I think it is better to have it as 10% & also to take this only after a minimum dividend (whatever we may decide is declared). We may suggest this to him.

A

MM

30-1-46.

'A' above — A revised draft letter to Srijuts Bahadur Y. Mahalakshmaiah is submitted for approval.

80 30/1/46 RLL 30/1/46

MM 1.2.46.

[Issued as dft no. 552638 Y.D. III-45-5 dt. 2.2.46]

55263
45

The fair copy of the letter at pp. 69/C-70 ante has been returned by the postal authorities as the addressee is not found. His Bellary address given at p. 1 ante may be tried. But the letter needs revision with reference to the recent decision (a copy of which is put up at (F)) relating to the managing agency terms. The promoter may be asked to provide for a minimum dividend. A revised draft letter to his Bellary address is submitted for consideration.

He is a well known person of Bellary.

2/4/46 13/4/46

14/4/46.

[Issued as Lr. No. 55263 B&D. III-45-bd 14.4.46] pp 71-72 ante.
[From Kr. Mahabaleswarappa dt 13.3.46] pp 73-74 ante.

Mr. Mahabaleswarappa was asked to provide for a minimum dividend. He has agreed to claim bonus from 1st after the year in which a dividend is declared but does not accept that the provision for a minimum dividend being payable before the bonus is claimed. We see whether this provision will be accepted. This point has not been objected to by any of the applicants for textile mills.

16/4/46

We may accept this as he has agreed to the principle.

19-3-46

Issue cum 11/3/46 AS

Issue AS

26.3.46

The revised application for Capital issue ~~has~~ to be sent to the Examiner of Capital Issues may now be recommended and the C.A.E.A. Bd. informed accordingly. Two drafts are submitted for consideration.

The Govt of India have moved today

that they are making a further reply on the proposals of the Hosiery Sub about the textile industry. Their official letter may perhaps be awaited before this case is recommended.

No. Let us proceed to recommend

25.7.46.

25.7.46

[From the E.C.I. No. R.52 E.C.I. 46. 388 d 20.3.46]

The Examiner of Capital Issues has accorded Sanction for the issue of Capital in this Case. A copy of the Sanction order furnished by him is at pp 75-76 c.f. It may be communicated to the D.T.C., D.I.Ye., and the Collr. of Bellary. A draft endt. is submitted on p 76 c.f. for approval.

89/26 3/46 A copy of the revised application in sent by Mrs. Kahalakshmamma direct to the Examiner. The sanction has been given on that

29.3.46.

29.3.46

At the revision once made this applicant has been allotted 17,000 spindles in the place of 20,000 already given. A draft letter to the applicant is submitted for consideration.

Sanction for capital issue has already been given. The applicant need not be formally asked to reduce the capital proportionately

11.4.46

12.4.46.

[Issued as Dr. No. 55263 B&D. III-45-10 d 12.4.46]

[From Sri Y. Mahalakshmiah, Dr. d 27.4.46] P&C.

The promoter of the mill has now submitted a revised application for import of one complete unit of Spinning plant of 17 thousand Coarse Spindles and Weaving equipment for 300 looms. It may be recommended.

A draft letter to the Tex. Commr. Bombay is submitted for consideration.

80/5.5.46 4/11/46

5.5.46

[Issued as Dr. No. 55263 B&D. III 45-11 d 3.5.46] P.D. 87-C.

[From the Chief Engr. for Electricity, No. 2618/A.45-27 d 6/5/46]

The Chief Engineer for Electricity has stated that Paras 142 and 143 the electric power of 400 K.W. applied for by the Managing Agents for running this mill can be supplied in 1948 from the "Ceded Districts Scheme". He desires to be informed whether the mill has been permitted by the Govt. and furnished with a list of the mills approved by the Govt.

A copy of the letter d 9.4.46 at (Z) may be furnished to him. He may be told that all the mills recommended by the Govt. are given in the appx. to that letter and that this mill is one among those recommended.

A draft memo is submitted for Consideration.

80/95/46 4/11/46

11.5.46.

[Issued as a.M. No. 55263 B&D. III-45-12 d 11.5.46] P.D. 91-92 C.F.

[From Textile Commissioner, Bombay
No PWP 8/2/1/6/3828 dated 22.5.46] P.D. 93-94 C.F.

~~Please see~~ Copy of the letter at pp 93-94 C.F.

p 94 c.f. [Docket as Govt. no. SS2630 RD III-45-19 d 27.5.46]
p 95 c.f. [From Sri Y. Mahalakeswarappa, Tgm d -10.-46

Please see the tgm. at p 95 c.f. received from Sri Y. Mahalakeswarappa, Promoter of the Karnataka Spinning and weaving Mills Ltd. In view of the ~~present~~ proposed textile policy to impose a ban on establishment of new mills etc, he has requested that exemption may be granted for starting this mill which has already been allotted 17 thousand coarse spindles. The request may be considered after final orders regarding the revised textile policy issue. This may lie over for the present.

Docket in file received separately. Note in file 30/6/46

AS (OS)

p. 17 c.f. [Copy of Letter no. 40118 P&D II/46-I d. 4.11.46]
P. 99 c.f. [Copy of letter no 40118 P&D II/46-II d 23.4.47]
p 121-123 c.f. [From the Secretary, Govt. d 21-6-47]

To A.S.

In May - June 1946 the Textile Commissioner, Bombay made the necessary allotments of spindles to the various allottees of this Province in accordance with the recommendations of this Govt. The allottees were asked to put in revised application for Textile Machinery within six months. The allottees were taking steps to establish their mills by floating the capital amounts sanctioned and by constructing the buildings required for housing the machinery etc. It was then that this Govt. launched their Khadi Scheme. They thought that the expansion of Textile Mill Industry would impede the progress of the Khadi Scheme. They accordingly revised their textile policy and surrendered to the Govt. of

93-94 c.f.
Para 3 on p 93 c.f.
Govt
G on p 14 c.f. of d. F.I.
[C. no. 40118 P&D II/46]
on p 9 c.f. of d. F.I.

of India in early November 1946 the entire quota of spindles and looms allotted to this Province, being uninterested either in the erection of any new spindles or looms. The allottees also were informed accordingly and told that the allotments of spindles made to them would stand cancelled. The Govt. of India did not agree to accept the surrender of spindles made by this Govt. on moral and legal grounds. This Govt. therefore finally decided that the allotments of spindles already made might be allowed to stand. The allottees also have been informed of this revised decision in the last weeks of April '47.

The Govt. of India have stated in their press note dated 29-4-1947 regarding import of Textile Machinery, that the existing licences will be cancelled at the end of June 1947, if they have not been acted upon till then and the spindles covered by them will be reallocated to those who are in a position to make better use of them.

The Post War Mill Allottees Association has resolved at its meeting held on 14th May 1947 that as this Govt's order of November 1946 has forced the allottees to suspend their action in regard to the progress of the Mill-work, the Govt. of India may be requested to extend the time for cancellation of licences, if they are not acted upon till the end of this year and the allottees may apply individually for extension of time in the matter of placing orders for textile machinery, if necessary. Sri Rao Bahadur Y. Mahabeleswarappa, Promoter of the Karnataka Spinning and Weaving Mills Ltd. has accordingly applied to the Govt. of India through this Govt. for extending the time to place the orders for machinery till the end of June 1948, though provisional order is stated to have been placed.

In the circumstances it is for consideration whether an extension of time for placing orders for textile machinery by the allottees in this Province will be considered necessary:

If so whether an extension of time till the end of this year as recommended by the Allottees Association or till the end of June 48 as applied for by the Promoter in his present application may be recommended. For orders.

80/ 26/6/47 2/6/47 27.6.47

It is necessary to give the salient facts connected with this case in order to enable the Govt. to come to a decision. The Textile Commissioner, Bombay intimated the allotment of textile machinery to this Company on 22-5-46 and asked them to apply for licence within 6 months. He also indicated the names of the agents of the Machinery Manufacturers, who might be addressed for the purchase of the machinery. It is not known what action was taken by this Company with reference to this communication. The previous ministry indicated their intention of not utilising the spindles on 4-11-46. Ordinarily this Company should have obtained the licence and carried on negotiation for the purchase of the machinery before this date. The Company has stated that it has placed a provisional order for the import of machinery and that extension of time till the end of June '48 may be given. It is not known when the Co. obtained the licence and what the conditions of th licence are. If they have placed a provisional order now, it may not require one year to finalise arrangements. A period of 3 to 6 months will be ample.

B

Another point arises in this connection. The Examiner of Capital Issues permitted this Company to issue a capital of Rs.30 lakhs before 20-3-1947. It is not known whether they have collected the entire share capital. If they have done this, there may not be any objection to recommend their case for an extension of time. It is for consideration whether information on this point may be called for before a decision is reached.

A

Get up about above & ask A whether B is sufficient

In another letter Sri Mahabaleswarappa has stated that an order has been placed and the machinery is likely to arrive during the next year

27/6/47

12/

With reference to the orders at the bottom of p11 above, a draft letter to the promoter is submitted for approval.

8/7/47 Sd 9.7.47

Sd 10/7/47

[Issued as Lr. no. 55263 Dt. 11/45. 14 d 10.7.47] pp. 107-108 C.F.

[From Sri Rao Bahadur, Y. Mahalakeswarappa, Lr. d 23.7.47] p109 C.F.

Please see the promoter's letter at p109 C.F. received in reply to the letter at pp 107-108 C.F.

He has stated that the Company has not yet been floated and no collection of Capital has so far been made. It is pointed out that the collection of Capital can be possible only when the ryots are having money and extension of time for the purpose is therefore required, especially in the backward tracts of the Ceded Dists. The sanction for the issue of Capital of Rs. 2 30 lakhs has expired by 24.3.47. p77 C.F. No application for extension of time for the issue of Capital has so far been sent by the promoter. He may be asked to do so at once. For orders.

Sd 30/7/47 K

"With reference to para 2 of the letter at pp107-108 C.F. the promoter has stated that a provisional order for

for the machinery has already been placed with M/s. Indian Textile Engineers Ltd. Bombay who have promised to supply the machinery by the end of 1948 and that the payment of advance etc. have to be made before the arrangements can be finalised. He has not explained why an extension of time by 3 to 6 months will not be sufficient for the purpose. Presumably it is not possible to make advance payments for machinery pending collection of capital. Meanwhile the Textile Commissioner Bombay has granted time till 31.8.47 for placing orders for machinery by the allottees of this Province. The promoter may be informed accordingly and asked to place a firm order by that date for the machinery. If it is not possible to do so he may be asked to apply for the ~~time~~ extension of time required for the purpose explaining clearly why it is essential for order.

SO 29/7/47 dy 29.7.47

SK 30/7/47 AS

SK 30/7/47

A draft letter to the promoter is submitted for approval.

SO 31/7/47 dy 1.8.47

SK 1/8/47

pp 111-112 C/f [Issued as Dy. no. 55263 P&D II/45-15 dated 1.8.47]

p 113 C/f [Copy of dy. no. 40418 P&D II-46-15 dt 17.6.47]

pp 115-116 C/f [From the Textile Commissioner, Bombay, no. P.W.P. 2.1.b/586-(1) dt 26.8.47]

1.b C/f [Issued as P&D no. 55263 P&D II-47-16 dt 2-9-47]

C/f [From the Promoter, dt 5.11.47]

Please see the promoter's letter at p 117 C/f receiving in reply to the letter at pp 111-112 C/f. No action seems called for in the matter. The papers may be closed.

SO 8/11/47 dy 10.11.47

This is for the orders of Hon'ble Minister. SK

Secretary

C/W/47

D.O. No. no. 11-47

Industries-Textiles: Bellary Dist. The Karnataka Spg. & Weav. Mills Ltd. Application for capital issues & grant of Sanction by the Govt. of Bombay Papers Recorded.

14/

From the Controller of Capital Issues, letter No.R.245/ ECI/48/652 dated March 48.

The Controller of Capital Issues has forwarded a copy of the application of M/s. The Karnataka Spinning & Weaving Mills Ltd., for extension of time by 9 months from 20-3-48 for the issue of capital, for the comments of this Govt.

2. The Mill has been allotted 17,000 coarse spindles and 212 looms under the post war development plan. In accordance with the recommendations of this Govt. sanction was accorded by the Govt. of India on 20-3-46 for issue of capital to the value of Rs.30 lakhs on behalf of this mill. One of the conditions under which this issue was sanctioned was that the sanction would lapse after the expiry of 12 months from 20-3-46. Accordingly the sanction expired on 20-3-47. The mill had stated that an extension of time upto 20-3-48 was granted by the Govt. of India. This Govt. were not consulted in the matter then.

3. It is stated that the company was registered only on 4-11-47 on account of this Govt.'s previous textile policy. Thereafter the ryots of the Bellary Dist. who would have taken a good number of shares, were stated to be hard hit owing to adverse crop conditions. The money market also became tight and it was not therefore possible to issue the capital within the time allowed.i.e., 20-3-48. It is stated that with easier crop conditions prevailing the capital could be collected within the end of this calendar year. The mill has therefore requested that another extension of time by 9 months from 20-3-48 for issue of the capital may be granted.

4. From the reply furnished by the mill to the questionnaire issued to the allottees of spindles on the progress made in the matter of establishing the spindles allotted to them it was observed that no action had been taken by this mill for collecting the capital and in the matter of putting up the buildings to house the mill, and hence it was classified in the 'C' group of allottees i.e., in the category of companies which had not taken any action. Recently to test the bona-fides of the promoters, one Co. was told that the Govt. of India would be getting Japanese spindles or other new or reconditioned spindles shortly, and that they had agreed to offer some of these spindles to Madras when available, and were asked to say whether it would be prepared to take up those spindles when avilable and if so, whether.....

whether it would be possible for the mill to deposit the necessary advance, with the Textile Commissioner, Bombay, when asked for by him to do so. The Mill's reply to the letter is still awaited. For orders whether this may lie over till the mill's reply is received and examined.

SO 12/4/48 US 12.4.48

Ask them for an early reply to this letter.

SK 14/4/48

p2 & 3 c.ff. DS in L.F. I A

Submitted that an interim reply since received from the promoter of the mill is being dealt with in L.F. I

Attention is invited to the letter at p 125 c. ff. addressed to the H.M. (Ind.) and that at pp 127-129 c. ff. received from the promoter, urging for granting extension of time applied for, for issue of capital.

The original of the tgm. referred to in para b of his letter at p 125 c.ff. has not been received in office. No action seems called for on the tgm. for orders.

SO 16/4/48 US 16.4.48

SK 16/4/48

p 131 c. ff. [From Sri Y. Mahalakeswarappa, dtd. 24.4.48]

The promoter's further letter at p 131 c. ff. may be perused.

With reference to his interim reply refd. to at 'A' above, he has been furnished

furnished with a copy of the list of the specifications and prices of Japanese machinery, furnished by the T. C. Bombay and asked to state whether it will be possible to deposit necessary advance for Jap. machinery. as & when demanded. His reply is awaited.

This may lie over till that reply is received and examined.

For orders.

SO 30/4/48 SG 30.4.48

SZ 15/5/48

[From Sri Y. Mahabaleswarappa, telegram dt. 13.5.48] ff 132-1

"Secy., Dept.—

A reply may be sent.

H.S.R.
13.5.48"

The further telegram from the promoter of the Karnataka Spinning and Weaving Mills Ltd. at pp. 133-135 C.F. and the minutes thereon of H.M. (End) extracted above may be perused. It has been ordered that his application for extension of time for issue of capital may lie over till the receipt of his reply to the Govt. letter at p. 285 C.F. of L.F. wherein he has been asked to state whether it will be possible for this Company to deposit the necessary advance with the T.C., Bombay for Japanese machinery, if and when demanded. His reply is yet awaited.

With ref. to H.M's minutes above, the promoter may be asked to expedite his reply. A draft reply telegram is submitted for approval. (The promoter has sent a 'paid reply telegraph form)

HS 14.5.48 SG 15/5/48

Copy of letter No.MPS(C)PWP/Z/1/6, dated the 25th May 1949 from the Office of the Textile Commissioner, Bombay, to the 3 mills recommended for cancellation.

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Sub:- Expansion of Cotton Textile Industry in the Province of Madras.

Ref:- Authorisation letter No.PWP/Z/1/6/~~xxx xxxxx~~ allotting spindles.

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It has been observed that you have not shown any progress in the establishment of new mills/Expansion of your existing mills under the PostWar Expansion Plan. The Governmen of India take a serious view of this commission.

I do therefore write to give you a final warning that if you do not show any appreciable sign of progress in the matter placing a firm order for the import of machinery within a month of the receipt of this letter your allotment under the Post War Plan will be cancelled without any further reference to you.

Please acknowledge.

(Issued as Telegram No.55263 P & D II/45-20, dated 15-5-48.)
(From Sri Y.Mahabaleswarappa, telegram dated 17-5-48)
(From -do- p.c. of telegram d/17-5-48)
(From -do- letter d/15-5-48)
(From the Controller of Capital Issues, letter No.R.246-CCI/48/915, dated 15-5-48)

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Please see the reply from Sri Mahabaleswarappa at pp.139-141 c.f. in reply to this Deptt. telegram at p.137 c.f; the letter at p.145 c.f. and the minutes of H.M.(Ind) thereon and the further letter from the Controller of Capital Issues on p.149 c.f.

The case relates to the application from the promoter of the Karnataka Spinning and Weaving Mills Ltd. for extension of time by 9 months from 20-3-48 for the issue of capital. Attention is invited to the notes on pp.14-15 ante. As stated in para 4 on p.14 ante this mill is classified in the 'C' group of allottees, ie. in the category of companies which had not taken any action to establish the spindles allotted to them. Recently to test the bonafides of the promoters the Company was asked to state whether it would be prepared to take up Japanese spindles when available and if so whether it would be possible for the Company to deposit the necessary advance with the Textile Commissioner, Bombay, when asked by him to do so. The Company's reply since received is dealt with in the linked file. The Promoter has stated that the question of purchasing Japanese spindles will be considered at the next meeting of the Board of Directors to be held shortly and that if it is decided to purchase Japanese spindles the necessary advances will be deposited as and when required. In view of this reply it is proposed to give another six months' time to the mill for showing better progress. Subject to orders in the linked file a draft reply to the Controller of Capital Issues recommending the application for extension of time for issue of capital is submitted for approval.

M

19.5.48.

A 6 months extension may be recommended

S/6 20/5/48 S. Hyder 20/5

I would suggest an extension of three months.

22/5.

Orders in circulation on p17 ante,

The time sanctioned for the issue of capital by the company has already expired on 20-3-48. Three months' extension from this date will give time only till 20-6-48, i.e., less than a month from now. It seems therefore that the intention in the orders in circulation on p.17 ante is that an extension of three months from now i.e., up to 20-8-48 may be given. In this view a draft letter to the Controller of Capital Issues is submitted for approval.

I do not think it is the intention in 24 C.S.

26/5/48

We can recommend only up to 20 6 48 and leave it to Company to come up again

26-5-48

[Issued as Lr no 55 263 P204/48-214 26-5-48] P153-154

[From the Controller of Capital Issues Lr no R. 246-CCI/48-11405 dt 16-6-48] P157 C.f.

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To A.S.

Please see the letter on p.157 c.f. from the Controller of Capital Issues. With reference to the orders in circulation on p.17 ante, extension of time upto 20-6-48 for issue of capital by the Karnataka Spinning and Weaving Mills was recommended by this Govt. in the letter on p.153 c.f. The Controller of Capital Issues enquires whether for the reasons ~~stated in his letter on p.158 c.f.~~ that this would give the Company hardly any time to raise further capital this Govt. would have any objections to the extension of time till 20-12-48. It may be mentioned that the mill has been given six months' time for showing better progress in the establishment of the mill. It is for orders whether the suggestion of the Govt. to extend the time for issue of capital up to 20-6-48 may be agreed to.

p.157 c.f.

In question was file CC No. 6302/P[illegible] not put up c.f. M on p.17 ante

For orders.

22-6-48

The recommendation was made with reference to Hollis minute at the bottom of the previous page. It is for orders whether a further extension for 3 months

ie till 20-9-48 may be made if the Head Office Controller of Capital Issues is considered too long.

SK
23648

We might as well agree & extend till 20th Dec.

23/6

yes
23/6

Inform Telegram
Draft

A draft telegram is submitted for approval.

23-6-48

SK
23648

P 159 Cf

P 161 Cf.

[Issued Express Telegram No 5 5263 P&O II/45-22 dy 23-6-48] p. 159 Cf.

[From the Controller of Capital Issues Lr. No. R. 246. CC 1/48 566 dy 28-6-48.]

Please see the copy of letter from the Chief Controller of Capital Issues on P 161 Cf & Rao Bahadur N. Mahabaleswarappa, Promoter Karnataka, Spinning and Weaving Mills Ltd granting extension of time for issue of Capital till 20-12-1948 on the recommendation of this Govt. No action at present seems called for.

P 159 Cf

SK
5-7-48

SK
7-7-48

Dev (P2&I) Dept

20 AS

This file deals with the allotment of Spindles & looms to the P93 cf. Karnataka Spinning and Weaving P115 cf Mills LTD, and issue of Capital, P77 cf and Extension of time to issue of Capital. Extension of time to issue of Capital was granted P161 cf till 20-12-48. No further action is pending in this file. The Papers may be recorded.

30.7.48.

31/8/48

GO MS 4084 Dev dt 4-8-48

Industries - ~~Sec~~ Textile Industry - Bellary Dt - The Karnataka Spinning and Weaving Mills LTD - Allotment of Spindls and looms - Sanction to issue of Capital - ~~and Extension of time to issue of Capital~~ - Papers Recorded.

30/7/48

31/8/48 Dev. 55263 P&D II/48

closed with the G.O. MS. 4084 Dev dt 4-8-48

4-8-48.